INVESTMENT PROMOTION

A guide to
Investor Targeting in Agribusiness

WORLD BANK GROUP
Trade & Competitiveness

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Increasing agricultural productivity and stimulating investment in agro-processing is essential to reducing global poverty and boosting food security. Half of the world’s poor depend on agriculture for their livelihoods. However, the obstacles to building productive capacity in agribusiness in developing countries are multifaceted, touching on issues like access to land and water, labor regulations, access to finance, competition policy, commodity pricing, and risk-sharing. Moreover, private agribusiness companies must be willing to invest in developing countries if productivity is to increase. Foreign investment, in particular, can provide a valuable jump-start to developing agribusiness value chains, introducing financial and technical resources unavailable domestically.

The World Bank Group’s Trade and Competitiveness Global Practice works with client governments to boost trade and investment by creating a better enabling environment for business operations; improve productivity and competitiveness at the national and industry levels; and, to strengthen innovation systems, with the collective goal of promoting inclusive and sustainable growth. The Practice has made agribusiness a priority sector, providing advice to clients on policy and regulatory reforms that can facilitate private investment, while maintaining high environmental and social standards. However, such policy enhancements often go unnoticed by distant investors with little knowledge of the reforming country.

In such cases, we also provide assistance to client countries to undertake “investor targeting” initiatives to reach out and inform potential investors of new opportunities. Typically, a project team identifies the location’s most competitive agribusiness subsectors and then approaches investors directly to make the case for investment in those subsectors and to offer information and assistance at every step of their decision-making processes. This targeted approach has proven to be effective in generating concrete investments for World Bank Group clients in all developing regions.

This guide presents a well-tested methodology specifically applied to the agribusiness sector, incorporating key lessons from successful projects in several countries. It includes a step-by-step guide to designing and implementing investor outreach campaigns, and includes a wide range of practical tools that a project team can use in constructing their outreach plans. Using the guide, project teams can improve their effectiveness in generating new investment in even challenging locations, building on work already done and applying lessons learned.

The online version of this practical handbook will serve as a readily updatable databank of lessons from investor targeting projects, and an evolving resource in the field of international agribusiness.

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ACRONYMS

CEO  Chief Executive Officer
CSR  Corporate Social Responsibility
E&S  Environmental and Social
EAC  East African Community
ESRR  Environmental and Social Risk Rating
FAO  Food and Agriculture Organization of the United Nations
FDI  Foreign Direct Investment
GoR  Government of Rwanda
GoSL  Government of Sierra Leone
IFC  International Finance Corporation
IP  Investment Promotion
IPA  Investment Promotion Agency
IPI  Investment Promotion Intermediary
M&E  Monitoring and Evaluation
MoU  Memorandum of Understanding
NGO  Non-Governmental Organization
OECD  Organisation for Economic Co-operation and Development
PEP  Politically Exposed Person
PPD  Public-Private Dialogue
PRAI  Principles of Responsible Agricultural Investment
R&D  Research and Development
RDB  Rwanda Development Board
RHODA  Rwanda Horticulture Development Authority
SADC  Southern African Development Community
SLIEPA  Sierra Leone Investment and Export Promotion Agency
TCGP  Trade and Competitiveness Global Practice of the World Bank Group
TOR  Terms of Reference
USAID  United States Agency for International Development
USD  United States Dollar
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INTRODUCTION

WHAT IS INVESTOR TARGETING?
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WHY IS INVESTOR TARGETING IN AGROBUSINESS IMPORTANT?

In 2012, 72 percent of the population of low-income countries lived in rural areas, with agriculture the primary source of income.¹ Significant poverty reduction and food security depend on agriculture and agribusiness achieving substantial growth in jobs, productivity, and income. Agribusiness covers activities that are both upstream and downstream from the production of crops and livestock and that frequently have higher value addition for an economy. However, many developing countries lack the financial and technical means to effectively move into the production of agricultural inputs, such as seeds, machinery, and fertilizer; the processing of agricultural outputs for food and industrial inputs; and the provision of critical services, such as collection, grading, storage, machinery maintenance and repair, transportation, and marketing.

As in many sectors, foreign direct investment (FDI) in agribusiness is seen as a potentially transformative force for developing countries. It can be a source of capital, jobs, skills, technology, and international market knowledge that are unavailable domestically. The right FDI projects may also help to upgrade a country’s agricultural practices. They can introduce higher standards and certification for food and labor, and they can disseminate innovations such as integrated pest management and geotraceability.

Successfully promoting FDI into a country is not easy. It is even more challenging to do it in a country with limited capacity to mitigate attendant risks, such as land disputes and environmental problems. However, most developing countries can find competitive niches in agribusiness, and the Bank Group has successfully applied a methodology to help them identify those niches and attract FDI that is both environmentally and socially responsible and potentially transformative. For example, Cameroon, Liberia, Madagascar, Mali, Rwanda, Sierra Leone, South Sudan, and Tanzania have each benefited in recent years from such Bank Group projects.

This methodology is designed to assist in the planning and implementation of investor targeting (“targeting”), a component of investment promotion, which Bank Group experience has shown to be an effective short-term method of influencing FDI inflows in some of the most disadvantaged economies.² This is not a substitute for investment climate reform, but rather a complement. And, investment promotion, generally, is one private sector development tool among many for strengthening a sector.

¹ World Bank. 2013. World Development Indicators: Rural environment and land use
BOX 1. INCREASING FDI INFLOWS: A PRIMER ON TERMINOLOGY AND PRINCIPLES

Investment. FDI. Investment policy. Investment climate. Investment promotion. Investment promotion agency. Investment promotion intermediary. Investor targeting. Investor outreach. Investment facilitation. Investor servicing. Investor aftercare. Policy advocacy. These are among the many interrelated and often confusing terms thrown about by practitioners in the field generally known as “investment promotion.” Many of the people who will use this guide will not be regular practitioners of investment promotion. Before proceeding further in this manual, they may find it useful to review some important investment promotion terminology.

When investment promotion practitioners speak of investment, it typically refers to private, productive investment. This is a private company establishing facilities and hiring people to produce goods or services that are sold in the marketplace. An individual investment may take the form of a manufacturing plant, service center, sales office, distribution center, research and development facility, or headquarters, among others. It does not refer to liquid portfolio investment. And, it does not refer to public investment or international donor funds, although both public and private financial institutions, such as banks, governments, and IFC, may provide financing to the private companies that make these investments.

The source of investment may be domestic or foreign investors, a term which is often used interchangeably with “companies.” The global pool of foreign investors is, of course, very much larger than the pool of investors based in any one developing country, and they collectively possess all the value chain activities, investment capital, skills, technology, and market knowledge that a developing country might aspire to. For this reason, foreign direct investment, or FDI, is often seen as an indispensable means of catalyzing sector growth and diversification.

Investment policy, if well-crafted, can enhance the attractiveness of a location by providing a transparent and predictable legal and regulatory framework (such as specifying where FDI is permitted and under what conditions), improving investor protections (for example, against expropriation, as minority shareholders), reducing operating costs through improved infrastructure, and streamlining government procedures (such as customs clearance, obtaining permits) to reduce associated costs and risks, and facilitating the full range of company operations. More loosely, investment policy can refer to any government policy which affects the relative competitiveness of particular sectors. For example, education and immigration policies may increase the numbers and skills of available workers. Together, all these factors affecting a location’s attractiveness to investors comprise the investment climate.
However, simply having a good investment climate does not guarantee that a location will capture the attention of potential investors, that investors will not have trouble identifying and realizing investment opportunities, or that the investment climate cannot be improved further. Investment promotion is an umbrella term for all activities designed to make sure that these things happen. Most of these activities fall under the heading of one of five typical investment promotion functions: investor targeting, investment facilitation, investor servicing, investor aftercare, and policy advocacy.

**Investor targeting** (a.k.a., investor outreach and proactive promotion) is proactively reaching out to investors identified as being desirable and likely to invest, in order to present them with tailored business cases for selecting a given location. **Investment facilitation** attempts to convert investor interest into a decision to invest, through the provision of information and assistance during the site selection process. **Investor servicing** then helps convert that decision into an operational project.

Even after a company becomes operational, it remains a potential source for new investment, often called “reinvestment” when it comes from an existing investor. Identifying potential for reinvestment and facilitating its realization is a dimension of investor aftercare.

In any given location, there will be many institutions, both public and private, that undertake one or more of these various investment promotion functions. For example, a sector-specific ministry, such as a Ministry of Agriculture, may conduct investor targeting, and an agroprocessors’ association might conduct investment facilitation and investor servicing. Any such institution might be described as an investment promotion intermediary (IPI). Wanting to ensure that all essential functions are performed in a coherent and strategic manner, most governments have designated one body to be its lead investment promotion body. This is sometimes an investment regulatory body or a subunit of a ministry, such as commerce, but it is frequently a stand-alone investment promotion agency (IPA), which itself is a subcategory of IPI.

As IPIs are not generally policymakers, their investment climate reform efforts fall into the category of policy advocacy, whereby they identify obstacles to competitiveness and support relevant decision-makers and stakeholders with the formulation and implementation of solutions.
What is investor targeting?

Investor targeting is the main proactive element of a country’s wider investment promotion strategy. Companies seeking to expand internationally are likely to compare several possible locations against a set of predetermined criteria to arrive at an objective determination of the best investment location for them. Criteria may be quantitative and qualitative and typically cover aspects of doing business like access to markets, operating costs, various forms of risk, and quality of life. In the long term, a government can improve a location’s competitiveness by improving its investment climate, infrastructure, work force, and policy support for attractive sectors. In the short term, a government can improve its chances by making sure that (1) its location makes it onto potential investors’ lists of possible investment locations and (2) potential investors have access to the most complete and positively framed information possible. Targeting seeks to accomplish these two tasks by seeking out and directly engaging investors identified to have a high potential for interest in a particular location. In short, someone undertaking targeting identifies high-potential investors, tries to get meetings with them, and presents them with the case for why they should invest in a location. This process is known as an investor targeting campaign.

Between a targeting campaign and the point of investment, there is much work to be done in supporting investors through their due diligence, satisfaction of government requirements, and start of operations. Most of this work falls under the label of “investment facilitation” and should be a regular part of the job for both investment promotion intermediaries (IPIs) and their counterparts in the various government offices with responsibility over one aspect of an investment project or another.

In addition, in the course of planning and executing a campaign, it is likely that investment climate weaknesses which undermine the business case for a location will be identified. Targeted investment climate reforms can significantly improve the chances of investor targeting success.

What is this guide?

This guide seeks to help project leaders in working with client governments to attract concrete agribusiness investments that create jobs, reduce poverty, and develop value chains in an environmentally and socially sustainable way. However, the guide could be used by anyone working to attract sustainable private investment to a developing a country’s agribusiness sector. These may be public officials, development organization staff, or consultants working in investment promotion, industrial development, or general economic development.

Borrowing heavily from lessons learned in Bank Group projects, this publication helps project leaders to develop and execute actual targeting campaigns, by providing a step-by-step guide and, through the appendices, practical tools for implementation.
The tools are in the form of templates, research resources, and examples of materials for investors. The guide is divided into four chapters corresponding to four essential steps in the targeting process. They are:

- Step 1. Understanding the context for a sector targeting campaign (also known as “scoping”)
- Step 2. Identifying competitive subsectors that might be best placed to attract new investments (also known as a “sector scan”)
- Step 3. Planning a targeting campaign aimed at the selected subsectors
- Step 4. Executing a targeting campaign and following up

The guide is being made available in two forms: an online version with links to the full set of tools and a printed version with instructions in the appendix on how to access the tools online.

**Why is investor targeting in agribusiness important?**

FDI may be particularly valuable to the development of the agribusiness sector in developing countries, where small-scale, low-technology farmers may struggle to overcome high market entry costs, manage the risk of low-margin commodity trading, or compete with large, internationally integrated firms. Without well planned and proactive targeting, the country surrenders some of the little influence a government can wield over investor site selection decisions, and government allocation of valuable land assets may be driven by unsolicited proposals from investors of suboptimal merit.

Targeting, if planned and delivered properly, can provide governments with some influence over the types of investment attracted, and whether successful or not, it invariably provides valuable insights into what a location can do to improve its attractiveness to investors. Without outreach, a location’s investment promotion depends on investors to “make the first move.” However, many developing countries suffer from poor images or weak investment track records and may not be considered by the most attractive investors. These countries struggle to attract capital, jobs, technology, skills, and international business connections. Global evidence shows that outreach may be the only way for these countries to attract sufficient interest from potential investors who would otherwise not consider their locations.

Moreover, targeting provides a country with a degree of choice in the investment attracted. When a country’s investment flows are concentrated in low value-added, “non-priority” sectors, investor targeting can be focused to help stimulate investment in priority sectors or in projects expected to deliver desired development impacts. Within three years of targeting export-based horticulture, a Bank Group-supported targeting initiative in Rwanda has helped to catalyze new investment and link the subsectors to international markets, where before there was only scattered production for the small domestic market. For example, East African Growers and Fresh ’n Juicy have invested $1.5 million, creating more than 100 direct jobs and engaging more than 200 contract farmers. Another six FDI projects are being finalized and are expected to start operations in 2014. Eventually, the investor targeting effort is expected to have generated $20 million in
FDI, 2,000 direct jobs, and livelihoods for thousands of contract farmers.

Despite their small size, these early market entrants send a powerful signal to other investors and fill critical gaps in the value chain (infrastructure, sorting and grading, logistics, standards), bring essential market knowledge to the industry, and realize large gains in Rwanda’s balance of trade.

A targeting campaign can also be useful for other purposes. Research in preparation for the campaign and feedback collected from investors during the campaign can provide a government with valuable insight on the investment climate reforms needed to better attract investors and the arguments that resonate with industry insiders.

The special challenges of investor targeting for agribusiness

Even for experienced investment promotion specialists, agribusiness can be a daunting sector, with its diversity of subsectors and complicated stakeholder relationships. Agribusiness covers low-margin production of commodities, as well as R&D-intensive production of inputs, such as seeds and fertilizers, requiring highly varied approaches to investment. Even the commodities covered range from cocoa to livestock, often with completely distinct value chains, making it difficult for an IPI to maintain an adequately knowledgeable staff for agriculture and agribusiness as a whole.

Furthermore, agriculture, its implications for land, and its impact on the rural poor make agribusiness more controversial than most sectors. This is commonly manifested in a politicized ministry of agriculture that is distant from the national IPA.

What it takes to succeed in an investor targeting project

Investor targeting is more effectively designed and implemented by professionally trained investment promotion specialists, usually working in relevant government agencies such as investment promotion agencies, boards of investment, sector agencies, and special economic zone agencies. In some countries, this role is played by private sector bodies, such as chambers of commerce, or joint public-private initiatives. The appropriate and most effective institutional arrangements will vary by location.

TIP

Inadequate client commitment and low capacity at the lead implementing agency are the two most common reasons for project failure, especially when difficult reforms are needed for targeting to succeed. They also increase environmental and social risks. Success is, therefore, contingent on securing concrete commitments, usually in the form of resources and willingness to reform, and the involvement of implementing agencies that are sufficiently capable, focused, and authorized to do what is needed.
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WHY IS INVESTOR TARGETING IN AGRIBUSINESS IMPORTANT?

BOX 2. A PRIMER ON AGRIBUSINESS IN DEVELOPING COUNTRIES AND THE ROLE OF FOREIGN COMPANIES

The term agribusiness includes agriculture and all the businesses which directly depend on it. These businesses may be upstream (i.e. agricultural inputs), downstream (i.e. processing of agricultural outputs), or in support services for agriculture.

Agriculture is the production of crops and rearing of livestock. In their broadest definitions, crops and livestock are used to include the products of forestry and fishing. The agricultural inputs needed are typically arable land, water, labor, seeds, fertilizer, pesticides and herbicides, equipment, machinery, breeder stock, animal feed, and access to natural resources, such as timber and fish. Although arable land, water, and labor can be increased to a degree, they are generally viewed as natural endowments and often present rural populations in developing countries with their most obvious economic resources. Other agricultural inputs may be present in developing countries, but they are often not of the quality needed or broadly available, severely hindering productivity and profits. For example, traditional seeds may not be high-yielding or possess the most marketable characteristics.

Small companies in developing countries or their neighbors may produce these inputs in significant amounts, but foreign companies are often sought to provide the highest quality or most costly inputs, such as Monsanto seeds or John Deere combine harvesters. Such companies may limit initial investments in a country to a sales office, but this provides the country with greater access to inputs and the company with the opportunity to familiarize itself with the market and business environment. Foreign companies may eventually establish distribution centers, processing plants, research and development facilities, regional headquarters, or shared service centers, supporting the development of higher value-added agribusiness industries and, with them, better jobs and higher incomes.

Support services for agriculture include warehousing, transportation, marketing, research and development, farmer training in the application of good agricultural practices (a.k.a. agricultural extension), machine operation and leasing, and veterinary services, among others. In more developed markets, many of these services are vertically integrated in large agribusiness companies like Archer Daniels Midland, Bunge, Cargill, and Louis Dreyfus. In many developing countries, however, they tend to be highly fragmented, with the public sector attempting to fill many gaps. Ministries of agriculture, for example, may provide extension services and lead on research and development.

In fact, the economic, social, and political importance of agriculture in many developing countries has made it a major focus of public policy. In terms of sectoral development, this has the useful consequence of focusing attention and resources, but it can also politicize the sector. Sound public policy is vital to the
attraction of foreign companies, as it provides a transparent and predictable legal and regulatory framework for sector-critical issues such as access to land and environmental standards. Public agricultural policy can also have a major effect on the functioning of markets, for example through trade restrictions, regulation of commodity pricing, and financial regulations affecting the availability of financial services, such as crop insurance and agricultural loans.

It is typically a shared goal of the public and private sectors that a country’s agricultural sector shift its balance of production and exports away from raw commodities to **value-added products**. These can include a very diverse set of products—including processed foods and beverages, footwear and fashion items, furniture, construction materials, rubber hoses and belts, animal feed, biofuels, and industrial oils and waxes—for markets as varied as retail consumers, automobile companies, and pharmaceutical companies.

Countries without experience in these fields lack the capital, technology, skills, market knowledge, and international networks needed to effectively produce and market the products. The attraction of foreign investors with those resources is seen as one way to accelerate the domestic development of the same. For a glossary of agricultural terms, see Appendix 1.

The role of the Bank Group and other development agencies in investor targeting is to support committed client agencies to design, plan, and implement proactive targeting campaigns, often as part of a wider project to support business or reform the investment climate.

Investor targeting support will often be a component of a wider program to improve the investment climate and sector competitiveness. In such cases, targeting will be planned and executed in a coordinated and sequenced fashion with the wider program. The ideal sequencing would be to undertake sector competitiveness benchmarking research, undertake investment climate reforms to fix any sector constraints identified, and then to undertake targeting. However, it can take considerable time to prepare for a targeting campaign, and project timeframes are typically too short for this consecutive sequencing. Rather, it is advisable that the preparation of sector marketing messages, materials and presentations and the logistical planning of a targeting campaign be done in parallel to any reform work.

A Bank Group program will typically be led by a person whose responsibilities include pulling together the right team to deliver the program. For investor targeting in agribusiness, this should include an expert in investment promotion and an expert on the agribusiness subsectors likely to be the focus of the targeting campaign. These team members can be staff or consultants, and the Bank Group’s Investment Climate for Industry team can
advise on finding the appropriate specialist resources. When possible, actual agribusiness investors with positive experiences in the location being promoted should be enlisted to join the team. They are a valuable resource for understanding the value chain and identifying potential investors. They can also be the most credible and persuasive team members, when making face-to-face pitches to potential investors.

Team members recruited for investment promotion experience but with little experience in agribusiness, may find it useful to review the glossary of agribusiness terminology in Appendix 1.

The skills and resources a team needs to succeed in a targeting campaign are few and clear. Some should be possessed by Bank Group staff and the client government’s implementing agency, but others may be outsourced, resources permitting. Bank Group staff and the client’s implementing agency should have the following skills and resources:

1. Understanding of the competitive strengths and weaknesses of the location’s priority subsectors and how investors in each make investment decisions, based on (sub)sector studies.

2. The ability to focus a targeting campaign on the location’s competitive subsectors and/or investment projects. Even under good circumstances, only a few of the hundreds of investors approached will reach the step of visiting a location. Focusing a campaign on a few of the location’s most competitive subsectors makes the best use of resources and maximizes the chances of success.

3. Research capacity and access to subsector and company-specific intelligence. Identifying desirable investors who are likely to be interested in a location’s value proposition takes original, highly tailored research.

4. A basic understanding of the environmental and social (E&S) issues which particular investment projects can present. A targeting team identifies and approaches companies the country wants to attract. In the interest of the population they serve, they need to be able to recognize potential for E&S risk and know to consult the relevant authorities and stakeholders before deciding whether to pursue the investors that present those risks.

5. Understanding of the decision-makers in targeted companies and their interests. Even the most persuasive pitch is only useful if made before the people with the authority to act on it.

6. Salesmanship and marketing skills. Investor targeting is essentially sales. The need for these skills is obvious, and they are not particularly difficult to find in the private sector. However, they are not common in the public sector. When possible, investment promotion officials should recruit for these skills or invest in their internal development.

7. Cooperation and champions within the government bodies responsible for overseeing and supporting targeted investment projects. Persuading investors to select a location will depend in part on assurances that the due diligence and start-up processes will be relatively quick and predictable. Having explicit and specific commitments of cooperation and support from the official bodies with influence over those processes can be pivotal in swaying investors. Furthermore, these bodies are often in possession of information needed for investors to make their decisions. Their commitment should include both procedural support for investors and the active provision of requested information to the targeting team.
BOX 3. AVOIDING ENVIRONMENTAL AND SOCIAL PROBLEMS: SEVEN PRINCIPLES OF RESPONSIBLE AGRICULTURAL INVESTMENT

Typical E&S risks in agribusiness include labor abuses; occupational health and safety issues; resource depletion; environmental degradation; harm to the health, safety, and security of individuals and communities; land expropriation and population displacement; loss of biodiversity; threats to indigenous peoples; and harm to cultural heritage. An understanding of these risks and how to avoid them gives a project leader the opportunity to demonstrate a project’s sustainability. For a brief on environmental and social risks in agro-commodity supply chains, see Appendix 2.

An important guide to avoid E&S risks in agribusiness is the seven Principles for Responsible Agricultural Investment (PRAI) developed jointly by the Food and Agriculture Organization of the United Nations (FAO), the International Fund for Agricultural Development, the United Nations Conference on Trade and Development, and the World Bank Group. These are as follows:

- Principle 1: Existing rights to land and associated natural resources are recognized and respected.
- Principle 2: Investments do not jeopardize food security but rather strengthen it.
- Principle 3: Processes relating to investment in agriculture are transparent, monitored, and ensure accountability by all stakeholders, within a proper business, legal, and regulatory environment.
- Principle 4: All those materially affected are consulted, and agreements from consultations are recorded and enforced.
- Principle 5: Investors ensure that projects respect the rule of law, reflect industry best practice, are viable economically, and result in durable shared value.
- Principle 6: Investments generate desirable social and distributional impacts and do not increase vulnerability.
- Principle 7: Environmental impacts of a project are quantified and measures taken to encourage sustainable resource use, while minimizing the risk/magnitude of negative impacts and mitigating them.

These principles are embodied in IFC performance standards on environmental and social sustainability (see Appendix 4), as well as in the following IFC tools and resources for identifying and managing E&S risk in agro-commodity production.
E&S Risk Screening, Assessment & Ranking Tool
- A methodology to identify, screen and rank E&S risks in the agribusiness sector, including risks addressed by the Performance Standards.
- Facilitates assessment of environmental, social and governance issues potentially impacting agribusiness projects.
- Informs the IFC Country Situation Analysis and Maplecroft agro-commodity report structures.
- Supports business development and E&S risk management from the Investment and Advisory sides:
  - Value-added for clients.
  - Complements Advisory Service’s work (such as IFC Sustainable Business Advisory Regional Cocoa Program, Agro-Commodity Roundtables, and Investment Climate) to address sector-based risks.

Global Map of Environmental and Social Risks in Agro-Commodity Production
- A database of 150 country-commodity combinations (such as Brazil/soy, Ghana/cocoa, Vietnam/coffee).
- Using a methodology aligned to IFC’s Performance Standards, the global map facilitates financing decisions by assigning a color-coded risk score to each country-commodity combination: green (low risk; finance), orange (medium risk; finance), and red (high risk, finance conditional on further due diligence).
- Supports financial intermediary clients to develop/strengthen their existing internal screening procedures for trade finance as part of their overall environmental and social management system.
- Supports agribusiness clients (traders) in undertaking a high-level risk assessment of their sourcing and defining (based on a risk-based approach) their sustainability sourcing strategy.
- Provides further guidance on assessing high risk country-commodity combinations in order to tailor risk management efforts.

Good Practice Handbook on Assessing and Managing E&S Risks in Agro-commodity Supply Chains
- A practical guide on the assessment and management of E&S risks in agro-commodity supply chains.
- Includes practical tools, tips, and case studies.
- Provides guidance on supply chain mapping, risk categorization of suppliers (traceable, certified, spot), and assessment of client’s management control and leverage.
- Supports prospective clients to improve sustainability of its sourcing strategy.
- Provides crucial support to regional traders in understanding IFC’s Performance Standards as they apply to supply-chain requirements.
Step 1. Understanding the Context for a Targeting Campaign

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To be effective, a targeting campaign should be based on a thorough understanding of where and why investment is needed along a location’s value chain, a rough sense of the agribusiness subsectors where the location has comparative advantages, market dynamics in those subsectors, the stakeholders in those subsectors and the roles they might play in attracting and facilitating investment, and the resources available for targeting. The information collected at this stage will allow project leaders and clients to define the parameters of a targeting project, including its objectives, activities, monitoring and evaluation (M&E) framework, time frame, and budget requirements.

In making these determinations, proper scoping for a targeting campaign inevitably casts light on weaknesses in both the investment climate and investment promotion capacity. In cases where short-term remedies are feasible and would significantly enhance the project’s success, the project leader may decide to expand the project’s scope to include investment climate reforms and investment promotion capacity-building.

In fact, most Bank Group-supported targeting campaigns will be parts of much larger projects, with overlapping objectives, activities, and counterparts. In cases where investment climate reform is likely to be a part of the larger project, the scoping phase may benefit from an assessment of the legal and regulatory environment for FDI in agribusiness. This would look at factors such as investment incentives, local content requirements, entry conditions, import requirements, and access to export markets, among others.

The steps described below should be integrated with scoping for the larger project, to make more efficient use of resources and to engage stakeholders more deeply from the outset.

1.1 Defining Viable Investment Promotion Objectives: A Word of Warning

Government IPIs typically serve institutional objectives in line with the country’s overall development objectives. A location’s public development objectives and its corresponding investment promotion strategy will change with time as politics, economic circumstances, and market dynamics change. This context will have implications for the attractiveness of subsectors and for the support that stakeholders are likely to provide during a targeting campaign and the investment project facilitation that follows.

In the absence of a sound investment promotion strategy, a common deficiency in developing countries is that the national investment promotion agency (IPA) or leading IPI simply adopts development objectives wholesale as the basis for investor targeting. However, many sectors prioritized...
Much of this information has likely already been generated by government bodies, private sector associations, international organizations, research institutions, and other sources. IPIs will, in fact, often have some of this information on hand and may have arrangements with the stakeholders that generate it to receive regular updates. The high-level information which is typically needed during this first step includes:

» Government economic development strategies and sector-specific plans, including those on cross-cutting issues such as transport, logistics, energy, land, input markets, and E&S-related risk and opportunities.

» Relevant laws and regulations (investment code, sector-specific regulations, land laws, trade agreements) and general information about the investment climate (business start-up and operation, trade logistics, taxation, incentives, and so on).

» Sector studies, statistics, surveys, maps, agro-climatic and factor costs data.

» Information on existing investors and known prospects in the sector.

» Information on support for the sector from government and donors.

TIP

The resulting collection of information will be a very valuable resource for this project and any investment promotion efforts. To ensure its fullest use, present it as an online library and make it available publicly to investors (see, for example, www.businessinhaiti.com)
1.3 Commitment of the Client Government

Some projects may not be driven by demand from committed clients — for example, donor interest — which can impede implementation and even lead to project failure. The creation of some projects may be donor-driven, and government interest may be passive, slowing down project implementation. In investor targeting projects, it is especially important to have client governments take full ownership and lead, as their relationships with attracted investors should long outlive the project itself and investors want to know that the success of their investments are not dependent on the involvement of technical assistance providers.

Project leaders can help ascertain the requisite commitment from client governments by requiring cash contributions (these projects typically have budgets in the hundreds of thousands of dollars), formalized high-level oversight and coordination, strong public statements of support, staff time, office space, and formalized access to technical focal points at each relevant ministry. (See Appendix 5 for an example of a cooperation agreement between the Bank Group and a client government).

1.4 Stakeholders and Their Roles

Stakeholders are the institutions and individuals within the government, private sector, civil society, and donor community with an interest in promoting — or opposing — the development of the agribusiness sector. An effective targeting team needs to know the interests and most influential decision-makers within each institution. Among all stakeholders, it will have identified a “champion,” the leader best able to mobilize the others, often the prime minister or president. (Appendix 18 is a template for an institutional landscape assessment and can be useful at this stage.)

Getting good information, assistance, and coordination from public and private stakeholders is essential to every step of investor targeting and the longer-term success of investment climate reform and investment promotion capacity-building. Stakeholders can provide the best sense of whether there is enough support in particular subsectors to justify engagement, indicating who might oppose the initiative and how to adapt the methodology and communication strategy accordingly. Once a subsector is selected, stakeholder information and assistance is invaluable in fleshing out a compelling business case for the location. They can also provide useful direction on messaging to secure cooperation, build momentum, and create local champions for investor targeting and any related reforms.

Getting this kind of support from stakeholders first requires an understanding of their interests, levels of influence, interactions with each other, abilities to mobilize others, and attitudes toward the investment promotion being done. (See Appendix 6 for a guide to stakeholder engagement for companies doing business in emerging markets.)
1.5 The Best Client Agency to Act as the Project Team’s Counterpart

It is important that the targeting campaign be led by an institution of the client government and not by the Bank Group team, which should advise the local institution. There are a number of important reasons for this:

» Local institutions have greater knowledge of the location, its agribusiness sector, and local sources of information for investors.

» Their relationships with officials and stakeholders put them in a special position to mobilize their support for a targeting campaign and any attendant improvements to the country’s investment climate and investment promotion capacity.

» For the sake of credibility, investors must be able to see government in the lead. Otherwise, it is uncertain whether they can work with the relevant government agencies.

» There are significant issues that will need to be negotiated between government and investor (incentives, land, concessions, and so on.) and the Bank Group cannot lead on such issues.

» Putting partners in the lead also gives them “on-the-job training” for investor targeting, which builds capacity and assures potential investors of post-project local support.

The local implementing agency is often an autonomous investment promotion agency or the Ministry of Agriculture. Agencies busy with their day-to-day activities can be reluctant to lead new initiatives, especially at the early stages, where activities, costs, and benefits may be undefined. The clear-cut focus of a targeting campaign and the concrete results expected should make a targeting project more attractive to local partners, but this should not be taken for granted.

Besides an agency’s willingness to lead a targeting campaign, its capacity must be considered (see Appendix 17 for a questionnaire on investment promotion capacity). Client governments may request that a public IPI be strengthened or even established as part of a project. However, Bank Group experience with investor targeting projects indicates that capacity-building should not go beyond what is needed for the successful execution of the targeting campaign. An IPI built with project funds tends to be unsustainable, as commensurate resources and commitment are rarely maintained by the government beyond the end of the project.

1.6 Realistic Timeframes for Implementation of the Likely Campaign Activities

The role of land in agribusiness projects demands careful due diligence to ensure that land is handled transparently and equitably. This means that agribusiness investments frequently take longer to operationalize than investments in other sectors. Choosing to pursue parallel investment climate reforms and/or investment promotion capacity-building will also lengthen project timeframes.
From Bank Group experience, even the best-managed advisory projects can take two years or more from scoping to implementation, when they are multi-pronged. These facts should inform realistic project deadlines and be evidenced in communications between project team members and stakeholders. In addition to supporting shared prosperity in agribusiness growth, methodically and transparently adhering to performance standards on issues such as land can provide greater predictability and actually prove cost-efficient for potential investors. Table 1 presents a rough timeframe solely for the investor targeting aspects of a project.

### 1.7 Staffing Needs

The team that plans and executes the targeting campaign should include Bank Group staff, client staff, and probably consultants, whether hired by the Bank Group or the client. The list below provides an illustrative example of a project team make-up, including the skills needed to successfully plan and execute an investor targeting campaign in agribusiness. The skills needed can, of course, be combined in different ways and with different people depending on the team’s structure and resources. Team members may be enlisted on a full-time or contract basis. They should include an investment promotion specialist, an agribusiness market specialist, and more junior roles, which might be combined depending on budget and timeline. When a particular mode of investment (such as greenfield, privatization, public-private partnership) is anticipated, team make-up may be modified to include relevant expertise. Similarly, projects also tackling investment climate reform or investment promotion capacity-building require team members to have additional experience. See Appendix 7 for a list of the basic qualifications for members of an investor targeting team and the following appendices for examples of terms of reference (TOR) for other critical team members to be recruited.
1.8 Likely Project Sequencing

Efficiently sequencing targeting activities is important to minimize the overall timeline and produce results within a timeframe that is acceptable both to the client and to the organization delivering the technical assistance. And, one of the most important constraints on executing the project is the human resources available. Each project, client, and context may call for a different team to be deployed, with available expertise and manpower being two important variables. Levels of effort required can and will vary substantially between project situations. The enlistment of international and local consultants is almost always necessary to fill these gaps. Table 2 provides examples of the teams that were hired on Bank Group projects for investor targeting in agribusiness in Madagascar and Sierra Leone.
### TABLE 2. Team members assembled in Madagascar and Sierra Leone and their levels of effort

<table>
<thead>
<tr>
<th></th>
<th>SCOPING</th>
<th>SECTOR SCAN</th>
<th>PLANNING</th>
<th>EXECUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>MADAGASCAR EXAMPLE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment promotion consultant deployed to strengthen IPA and coordinate sector work throughout</td>
<td>60-80 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local consultant: compilation of existing studies</td>
<td>40 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing/agribusiness expert: scan 18 agribusiness and 14 light industry subsectors, develop strategies for 8 selected subsectors, support IPA with the launch</td>
<td>170 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local agribusiness consultant paired with the international agribusiness specialist to cover the scan of 18 subsectors and the development of 5 subsector strategies</td>
<td>200 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>SCOPING</th>
<th>SECTOR SCAN</th>
<th>PLANNING</th>
<th>EXECUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SIERRA LEONE EXAMPLE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment promotion consultant deployed to strengthen IPA and coordinate sector work throughout</td>
<td>60-80 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy consultant: quick agribusiness sector scan to identify top 2 subsectors (sugar and oil palm)</td>
<td>40 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agronomist/oil palm industry expert: oil palm investment opportunities and technical backstopping</td>
<td>40 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing/sugar sector expert: sugar investment opportunities and development of outputs</td>
<td>40 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land expert: review land acquisition (leasing) practices and design a model process for investors</td>
<td>40 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team of local consultants: compile documents, support the investment promotion and agribusiness specialists, create a land leasing guide, and document target sites</td>
<td>130 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International and local consultants to support roll-out (i.e. targeting missions) on a need-basis</td>
<td>100 DAYS</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers adjusted slightly from project numbers to be fully illustrative of the level of effort utilized.
Start of information collection for sector scan

As both of the foregoing examples demonstrate, the sector scanning work of Step 2 actually begins in a rudimentary way during the scoping phase. Consultations with clients, other officials, and major stakeholders, together with existing studies and the opinions of sector-specialized consultants, will provide a rough initial subsector focus. This is necessary for the organization providing technical assistance to get a rough sense of whether investor targeting has the chance of success needed to justify proceeding with the project and the full sector scan.

1.9 The Decision to Proceed or Abandon the Project

The information collected during the scoping phase allows the project leader, Bank Group management, and client to determine whether a project can be designed to achieve mutually beneficial objectives within acceptable cost and risk parameters. This decision will be made according to the standard procedures of each organization. For example, projects of the Bank Group’s Trade and Competitiveness Global Practice must be consistent with the IFC Sustainability Framework and Performance Standards (see Appendix 4).

The following are some cases in which the Bank Group would be expected to withdraw or limit its involvement:

» Likely investments would involve large land transactions.
» Likely investments are at risk of creating or aggravating environmental or social problems.
» Likely investments would not adhere to the seven principles of responsible agricultural investment (PRAI) listed in Box 3.

Full-fledged country E&S risk assessments can be purchased from specialized companies. These tools may elucidate project-killing risks, but they may also be useful in formulating measures to mitigate risk and allow projects to proceed.

A decision to end or curtail involvement may occur at any phase of the project, when a disqualifying condition arises. In cases where the Bank Group chooses to proceed, the rationale for supporting the initiative and the safeguards built into the project must be well documented and proactively communicated. Then, the Bank Group acts as an advisor to client-led targeting initiatives, with all documents and events branded with client logos.
1.10 Project Definition and Metrics

To objectively determine success or failure of the project, it should have clear and quantifiable targets for outputs and impacts, as well as baselines for comparison, deadlines for target achievement, and the systems for tracking result indicators. The scoping phase is the appropriate time at which to design this system—both at the organization providing technical assistance and at its implementing partners—and, if possible, take necessary measurements.

The following are standard Bank Group indicators for outputs, outcomes, and impacts in a targeting project:

» Output: Number of investors with documented interest in the location
» Outcome: Number of investor “leads”
   Number of investment commitments or decisions
» Impact: Investment generated
   Jobs created

However, additional output, outcome, and impact measures can also be used, depending on Bank Group and client priorities in each country.
Step 2. Identifying Competitive Subsectors

2.1 Long list of subsectors  
   p. 33

2.2 Collecting subsector information from stakeholders and existing studies  
   p. 36

2.3 Evaluation criteria  
   p. 39

2.4 Investment climate reforms needed for targeting success  
   p. 44
This step, also called a “sector scan,” is the process by which the investor targeting team identifies the agribusiness subsectors with the balance of investment potential and anticipated development impact that makes them the best focus for the targeting campaign. Interviews with local sector stakeholders and (sub)sector-specific studies are the primary sources for information by which a long list of subsectors will be evaluated and ranked by their level of promise.

This is basic investment promotion groundwork, which may already be in place before the targeting initiative. If so, Step 2 should be a simple validation of those priorities for investor targeting and a double check for E&S risk, particularly as it relates to each subsector and the geographic location. Wherever possible, the promotion team should avoid duplicating already existing sector studies. Where the priorities are found invalid or where this groundwork has not been done, the initiative should proceed with the sector scan in full.

The full sector scan takes three inputs and processes them into a ranking of subsectors according to their promise for attracting investment with the desired impacts. The inputs are a long list of subsectors (determined in Step 1); information on the costs, opportunities, and challenges of each subsector; and the criteria by which the targeting team will evaluate the subsectors. In many cases, this process will lead to the identification of investment climate reforms needed to succeed in investor targeting.
2.1 Long list of subsectors

The sector scan starts with a list of both existing and potential subsectors in the location (see Table 3). The starting list should be based on existing research and will be the subject of considerable discussion with the client government, ranging from a few subsectors to a few dozen. The list will tend to be longer in cases with less existing research, investment promotion experience, and existing investments. However, the longer the list, the higher the resources demand to complete the sector scan. Perfect information is rarely possible, and the targeting team will have to strike a balance between thorough analysis, on one hand, and the time and cost requirements, on the other.

Subsectors may be chosen because a location has a record of high-volume production, high quality, low prices, and/or particularly marketable characteristics. However, to understand precisely what types of companies could be interested in investing in those subsectors, it is necessary to have a clear view of its value chain. What agricultural inputs are imported but could be produced locally? What processed products could be produced locally instead of abroad? What support services are in high demand throughout the value chain? What goods and services could be ramped up in volume, reducing bottlenecks in the value chain? Figure 1 provides an example of a value chain map from the livestock subsector in Kyrgyzstan. It illustrates both the complexity of a subsector value chain and where and how specific investments need to fit into the wider value chain. The value chain for different agribusiness subsectors will vary substantially.

TABLE 3. Sample long list of subsectors for the sector scan (not exhaustive)

<table>
<thead>
<tr>
<th>STAPLE CROPS</th>
<th>HIGH-VALUE CROPS</th>
<th>ANIMAL PRODUCTS</th>
<th>FIBRES</th>
<th>BEVERAGES</th>
<th>ENERGY CROPS</th>
<th>INPUTS &amp; OTHERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>Fruits</td>
<td>Livestock</td>
<td>Cotton</td>
<td>Tea</td>
<td>Oilseeds</td>
<td>Seeds</td>
</tr>
<tr>
<td>Maize</td>
<td>Vegetables</td>
<td>Dairy</td>
<td>Sisal</td>
<td>Coffee</td>
<td>Fertilizers</td>
<td></td>
</tr>
<tr>
<td>Wheat</td>
<td>Spices &amp; Nuts</td>
<td>Poultry</td>
<td>Raffia</td>
<td>Cacao</td>
<td>Storage</td>
<td></td>
</tr>
<tr>
<td>Pulses</td>
<td>Floriculture</td>
<td>Fisheries</td>
<td></td>
<td></td>
<td>Logistics</td>
<td></td>
</tr>
<tr>
<td>Tubers</td>
<td>Rubber</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sorghum</td>
<td>Sesame</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Specialty Plants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

31
FIGURE 1. A value chain map of the livestock subsector in Kyrgyzstan

WHOLESALERS

Private butcher - slaughter points produce and sell 93% of all meat

Imported meat from China KGS 160/kg

Municipal slaughter houses

Municipal slaughter houses

WHOLESALE

Export to China

Re-export

Retail shops fresh beef KGS 280-380/kg

Retail shops sausages-avg KGS 300/kg

Prepared food ravioli KGS 90/box[500g]

Kazakhstan live animals markets KGS 240/kg [carc]

Domestic retail of milk and milk products fluid- KGS 25/lt

Kazakhstan milk markets

Milk processing

large dairy processors: 13
Corporate entities: 144
Individuals: 339

Dock price KGS 19/l

Meat processing

corporate firms: 92
large commercial: 15
individual: 199

KGS 19/l

Imported meat from China KGS 160/kg

Private butcher - slaughter points produce and sell 93% of all meat

Municipal slaughter houses

Municipal slaughter houses

Hides and skins - tanneries?

Hides and skins - tanneries?
In some client countries, where interest and budget permit, the sector scan may be broadened beyond agribusiness to cover other sectors of interest to the client. For example, the Bank Group’s sector scan in Liberia in 2011 covered agribusiness, transportation, manufacturing and other sectors. The result could be useful in demonstrating the relative national importance of agribusiness and building broad consensus for action.

2.2 Information on the costs, opportunities, and challenges of each subsector

The primary sources of information are existing sector studies and interviews with sector stakeholders, taking maximum advantage of previous work and local knowledge.

Existing Sector Studies

In most countries, it is common for agribusiness to have been studied extensively by government agencies, donors, and industry associations. While information is rarely packaged for targeting purposes, useful data is typically available and is often sufficient to inform a sector scan. For example, the Bank Group’s recent investor targeting project for agribusiness in Madagascar started by collecting 289 existing documents, including:

- A study by the Food and Agricultural Organization on the establishment of an agro-technopole complex in Madagascar.
- A study by the United States Agency for International Development (USAID) on the use of Jatropha plants in the production of biodiesel and on the impact of related investments in Madagascar.
- A USAID analysis of the agrifood and forestry industries in Madagascar.

Further agribusiness data can be found in publications and on the web sites of various international organizations, national authorities, industry associations, major companies, and NGOs. Some of the most well-known and geographically broad are given in Table 4.
### TABLE 4. Useful international sources for agribusiness data

<table>
<thead>
<tr>
<th>Organization</th>
<th>Website Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>World Bank</td>
<td>data.worldbank.org/topic/agriculture-and-rural-development</td>
</tr>
<tr>
<td>Food and Agriculture Organization</td>
<td>faostat.fao.org/</td>
</tr>
<tr>
<td>Food and Agricultural Policy Research Institute</td>
<td><a href="http://www.fapri.iastate.edu/">www.fapri.iastate.edu/</a></td>
</tr>
<tr>
<td>CBI (the Dutch center for the promotion of imports from developing countries)</td>
<td><a href="http://www.cbi.eu/">www.cbi.eu/</a></td>
</tr>
<tr>
<td>Organisation for Economic Co-operation and Development</td>
<td><a href="http://www.oecd.org/">www.oecd.org/</a></td>
</tr>
</tbody>
</table>

While much information can be obtained from existing subsector reports and interviews of stakeholders, some basic supplemental research may be needed to begin determining the current competitiveness of the location being promoted in the products of the subsector. To this end, trade and FDI flows are needed for the location being promoted and its competing locations, as well as for major export markets. The following are useful sources for such information globally:

- **Trade flows**: Trade Map (www.trademap.org), by products and countries, free to subscribers in developing countries.
- **FDI projects**: fDi Markets (www.fdimarkets.org), by subsectors and countries, paid subscription.
BOX 4. THE BENEFITS OF BROAD STAKEHOLDER INVOLVEMENT IN THE SECTOR SCAN

The sector scan is useful for aligning stakeholder objectives, so that they can be mobilized for coordinated investment facilitation and advocacy of parallel reforms.

Stakeholder endorsement of the subsector selection methodology and its results is an important output of this phase. A presentation on the methodology and its results should be shared and discussed with stakeholders.

Such stakeholder presentations should include:
- Background: Why investor outreach is needed
- Subsector selection methodology (long-list, criteria, information sources, and so on.)
- Summary of scores and selection results
- Rationale for selection of each chosen subsector
- Next steps (outreach campaign, reforms, and so on.) and requests for support
- Specific project targets, such as the type, number, and value of investments; jobs created; value chain improvements; increase in exports; and so on.

Using client logos and having the client convene validation workshops are useful ways to maximize client ownership.

It should be emphasized that the sector scan is meant to produce priorities for investor outreach. It is not meant to replace the sector priorities of any other strategy such as those of ministries or development partners.
Stakeholder interviews

The targeting team should identify and meet stakeholders in the location with insight on each of the subsectors, including ministers, other policy-makers and advisers, donors, business organization leaders, nongovernmental organizations (NGOs), and representatives of civil society. Existing local and foreign investors, in particular, typically offer very valuable perspectives, as their activities are most directly linked to the subsector value chain and their investment decision-making processes mirror those of potential investors. When possible, the targeting team should also seek the opinions of outside sources, such as potential investors and foreign trade associations.

Interviews with stakeholders in the country should cover:

» Subsectors where transformational investments can be most expected and why.

» Opportunities upstream (inputs, equipment) and downstream (processing, packaging, certification, logistics).

» Existing investors, interested investors, suggested targets, and competitor locations.

» Main barriers that reduce the attractiveness of these subsectors to investors.

Interviews with stakeholders outside of the country should cover:

» Perceptions of the country as a possible investment destination; awareness of assets.

» Top locations for expansion and the country’s relative strengths and weaknesses.

» Priority actions at the sector or country level to improve their attractiveness to investors.

Questionnaires which can be used to guide these interviews are available in the following appendices:

» Appendix 19. Interview questions for existing companies

» Appendix 20. Interview questions for government officials

» Appendix 21. Interview questions for local stakeholders

» Appendix 22. Interview questions for foreign potential investors

» Appendix 23. Interview questions for industry associations

Once the main background documents and interviews with local stakeholders from government, donors, investors, and independent stakeholders have been collected, two or more sectors can be typically be analyzed in a day and evaluated against all criteria.

2.3 Subsector Evaluation Criteria

Quantitative and/or qualitative evaluation criteria should be selected and given relative weights by the targeting team and their partner stakeholders with advice from sector experts. This ensures that the targeting focus is aligned with everyone’s priorities. Two or three weighted criteria from each of the four following categories might be used, leading to about 10 criteria in total:

1 Markets: Size, growth, and access in likely markets, whether global, regional, or local.

2 Competitive factors: Natural resources, infrastructure, skills, business environment.
STEP 2.
IDENTIFYING COMPETITIVE SUBSECTORS

2.1 LONG LIST OF SUBSECTORS
2.2 COLLECTING SUBSECTOR INFORMATION FROM STAKEHOLDERS AND EXISTING STUDIES
2.3 EVALUATION CRITERIA
2.4 INVESTMENT CLIMATE REFORMS NEEDED FOR TARGETING SUCCESS

3 Anticipated impact of subsector growth: Job creation, capital inflows, economic rate of return, E&S risks, E&S opportunities, such as supply chain certification and improvements in labor and food standards (Note: The government’s strategic documents can be quite useful here).

4 Investment potential: Based on the perception of a location’s untapped opportunities and any obstacles to investment, as well as the history of similar investments in the location and its region.

Clear and objective scoring standards are established for each criterion to maximize the objectivity and political acceptability of the conclusions. The example scoring table in Table 5 assigns scores of 1-5, with 5 being highest (see Appendix 24 for a subsector evaluation template in Excel format).
### TABLE 5. Evaluation criteria for subsector prioritization in Rwanda

<table>
<thead>
<tr>
<th>To What Extent</th>
<th>Score</th>
<th>Evidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Will growth in this sector have a significant impact?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>On the balance of trade?</td>
<td>1-5</td>
<td>Projected export growth or import reduction in the sector</td>
</tr>
<tr>
<td>On jobs and incomes?</td>
<td>1-5</td>
<td>Projected jobs &amp; income in the sector (including contract farmers)</td>
</tr>
<tr>
<td>On the competitiveness of other sectors?</td>
<td>1-5</td>
<td>Projected impact on competitiveness of other sectors</td>
</tr>
<tr>
<td>Are there attractive market opportunities in this sector?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are demand and prices growing in global markets and buyers are looking for new sources in Africa?</td>
<td>1-5</td>
<td>Demand, supply, and price trends in major global markets</td>
</tr>
<tr>
<td>Are demand and prices growing in local and regional markets</td>
<td>1-5</td>
<td>Demand, supply, and price trends in Rwanda and neighboring countries</td>
</tr>
<tr>
<td>Does Rwanda have the underlying assets to be competitive in this sector?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does Rwanda have the natural endowments to compete in this sector?</td>
<td>1-5</td>
<td>Rwanda’s location, land, climate, raw materials, relative to main competitors</td>
</tr>
<tr>
<td>Can Rwanda develop the infrastructure to compete in this sector?</td>
<td>1-5</td>
<td>Relative need for infrastructure (power, transport, ICT) in the sector, and Rwanda’s ability to meet this need</td>
</tr>
<tr>
<td>Does Rwanda have the skills and supporting services to compete in this sector?</td>
<td>1-5</td>
<td>Rwanda’s supply of key skills and supporting services needed in this sector relative to main competitors</td>
</tr>
<tr>
<td>Are there good investor prospects in this sector?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are there qualified investors interested in investing in this sector, particularly in East Africa?</td>
<td>1-5</td>
<td>International or local companies (with the necessary funding, know-how, and market access) known to be interested in investing in this sector in East Africa?</td>
</tr>
<tr>
<td>Are the barriers to growth in this sector relatively easy to remove?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are any barriers to growth in this sector relatively easy to remove?</td>
<td>1-5</td>
<td>Estimate of time, resources, or will required to remove major barriers (market growth, input supply, infrastructure, skills, policies, etc.)</td>
</tr>
</tbody>
</table>

**Overall Prioritization**

<table>
<thead>
<tr>
<th>Score</th>
<th>Weighted Average Score for All 10 Questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td></td>
</tr>
</tbody>
</table>

**Evaluation Key**

5 = Very Positive  4 = Positive  3 = Neutral  2 = Negative  1 = Very Negative

Note: Weightings for each criterion can be adjusted, depending on priorities. The analysis presented in this report assumes equal weight for each criterion. Alternate weightings (such as more on competitiveness, less on impact) were tested, but results did not vary significantly.
Scores for these criteria cannot be given in a vacuum, but rather require an understanding of the location’s priorities and how it compares against competing locations. To the extent possible, the same scorecard should be applied to likely competitors, except for desired impacts, which are a matter of priorities and not competitiveness. This process will yield an ordered list of promising subsectors, such as the example from South Sudan shown in Table 6, for the location being promoted and for each of its competitors. This allows the targeting team to select subsectors that are strongest in both absolute and relative terms.

The implementing agency should avoid the temptation to target investors in too many subsectors at once. When done properly, investor targeting is resource intensive and time-consuming. A better option would be to start with one or two sectors and expand as the agency gains experience and resources.
Generally, the targeting team should focus on promoting competitive subsectors and not specific investment projects, as optimal project details can vary greatly based on an investor’s particular interests, expertise, and circumstances. However, in the course of researching value chains and evaluating subsectors, the targeting team may become aware of very specific, project-level logistical bottlenecks or a group of would-be contract farmers are known to be searching for a nucleus investor that can collect, sort, grade, market, and distribute their product. Sometimes called “investable projects,” these narrow and actionable opportunities can make for very persuasive pitches to potential investors and should be marketed to investors when they become apparent.

TABLE 6. Agribusiness sector scan results for South Sudan

<table>
<thead>
<tr>
<th>SUBSECTOR</th>
<th>IMPACT</th>
<th>MARKET POTENTIAL</th>
<th>COMPETITIVENESS</th>
<th>INVESTOR PROSPECTS</th>
<th>FIXABLE BARRIERS</th>
<th>OVER-ALL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>BoT</td>
<td>Jobs</td>
<td>Other</td>
<td>Global</td>
<td>Natural Assets</td>
<td>Infra-structure</td>
</tr>
<tr>
<td>Cereals</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Sugar</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Fruit &amp; Vegi</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Animal Prods.</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Spec. Plants</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Forest Prods.</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Fish &amp; Aqua</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>5</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Spices &amp; Nuts</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Agri Inputs</td>
<td>2</td>
<td>2</td>
<td>5</td>
<td>2</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Tobacco</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Coffee/Tea</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Floriculture</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Dairy</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

41
Once the most competitive subsectors have been identified, the targeting team will be in a stronger position to consolidate client commitment to the project. Together, the Bank Group, the lead implementing agency, and the client ministry can hire the appropriate specialists, engage the most relevant stakeholders, and begin building the case for parallel investment climate reforms. Stakeholders thus engaged should be updated at critical points throughout project implementation.

2.4 Investment Climate Reforms Needed for Targeting Success

The poorer a location’s investment climate, the harder it is to persuade investors to choose that location for their investments. The market research needed to support a targeting campaign and conversations with investors during a campaign will yield information on the location’s investment climate weaknesses relative to competing locations. Some of the common investment climate issues specific to agribusiness include those related to land, water, trade logistics, reliable supply, competition policy, and environmental policy.

However, agribusiness investors may also be deterred by aspects of general investment policy, such as weak protections against expropriation, restrictions on the repatriation of profits, restrictions on foreign ownership of firms, and performance requirements. In each of the last three years, the top three constraints to FDI have been political risk, macroeconomic instability, and lack of qualified staff, according to the annual investor survey conducted by the Multilateral Investment Guarantee Agency and the Economist Intelligence Unit.

The Bank Group’s Enterprise Surveys provide excellent firm-level perspectives from both domestic and foreign enterprises, but the most relevant and actionable feedback will be that which comes from investors looking specifically at one subsector in one location. It provides officials with invaluable policy guidance and a sense of the real costs of inaction, in terms of potential investment and jobs unrealized. It can, therefore, be a powerful stimulus for reform, and many managers of investor targeting projects will choose to tackle a small number of reforms viewed as being achievable in the short term and promising a significant boost to the effectiveness of the targeting campaign.

When investor targeting is undertaken, its effect is increased and its interdependence with investment policy becomes stronger. Policymakers and IPIs can work together to stimulate investment in priority sectors and higher value-added activities.

In the steps prior to implementation of a targeting campaign, a team should:

» Be on the lookout for investment climate “deal-breakers.” These are investment climate issues critical to potential investors, yet so problematic in a location that investment is unlikely. Examples include difficulties trading across borders and obtaining land.

» Work with officials both to secure their support for investment projects in the due diligence and start-up processes, and to remedy investment climate issues critical to attracting investment.
Use resulting investments to build momentum for further investment climate reform, which in turn will make future targeting easier.

When attempting to effect change in policies, the project team will be most successful when it can provide the stakeholders with the tools needed to understand the problem, constructively debate the appropriate solutions, and persuade constituencies, including proposals for reforms based on international best practice. These tools include background research, TORs, sector specialists, and, especially, the guidance of credible, neutral experts. The appendices to this guide include examples of research and communication tools used to inform, rally, and persuade those stakeholders with the power to effect the needed changes (see Appendix 33 for an example of a letter used to mobilize stakeholders for reforms related to an investor targeting campaign). In client countries, these tools have been applied as part of a comprehensive plan to promote specific subsectors and implement corresponding investment climate reforms.
### TABLE 7. A comprehensive plan to attract FDI to Burkina Faso

<table>
<thead>
<tr>
<th>STEP</th>
<th>WORLD BANK GROUP</th>
<th>POTENTIAL DEMONSTRATION PROJECTS/ROLES</th>
</tr>
</thead>
</table>
| 1 IMPROVEMENT OF INSTITUTIONAL CAPACITY | • Technical assistance to Bagre pole  
• Support in land acquisition  
• Mitigate E&S impacts of the project  
• Create new and improve existing training programs  
• Promoting the project | • WB and IFC will provide technical assistance thanks to internal and external experts  
• Organization of events around the world for Bagre promotion |
| 2 DEVELOPMENT OF CRITICAL INFRASTRUCTURE | • Development of irrigation canals  
• Cattle development plan  
• Develop fish farming  
• Enhance transport infrastructures  
• Increase energy network | • Financing infrastructures  
• Assistance to find public-private partnership financing solutions  
• Managing risks with other stakeholders like mining companies |
| 3 DEVELOPMENT OF CRITICAL SERVICES AND SUPPORT TO INVESTORS | • Encourage private services providers  
• Cost sharing funds for technical assistance  
• Direct or indirect financing or guarantees | • Direct financing to investors and research for specific products  
• Trade and value chain financing  
• Promoting MIGA assistance for political risks  
• SME financing through financial institutions  
• SME advisory via Sustainable Business Advisory team  
• Financing of public-private partnerships |

A deepened collaboration across IDA-IFC-MIGA, harnessing the goodwill and impact of WBG’s offers for replicable projects.
Table 7 presents an example from Burkina Faso, where investment promotion was focused on the production and export of rice, certain vegetables, livestock products, and fish.

Winning relevant officials and influential stakeholders over to the cause of reform is helped by aligning proposed reforms to the existing policy objectives and programs of the government, highlighting public goods and political dividends. In-country public relations on the project, investor conferences, and sharp increases in investor inquiries can help demonstrate project benefits and accelerate reforms.

A closer look at a major agribusiness investment climate issue: Access to land

FDI into urbanized, land-rich countries, such as Brazil or Ukraine, may be directed at growing agricultural output, but for small, predominantly agricultural countries, FDI is more likely to be in agribusinesses that process the output of local, often small-scale, farmers. In either case, difficulty employing land, by sale, lease, or contract farming, is a common and fundamental problem facing potential agribusiness investors. In many developing countries, idle or underutilized agricultural land is available but it is not accessible due to a lack of clarity around land ownership. One of the most important things a government can do to support agribusiness investment is to facilitate equitable and transparent access to land through the identification and preparation of land available and through the identification of farmer groups willing to work with nucleus investors on a contract farming basis. Common measures for achieving this include:

» Transparent laws and regulations for the lease or sale of land, including conditions on investors, land size, lease duration, and compensation in case of economic or physical displacement and resettlement.

» Creating a transparent inventory of available sites, through participatory mapping, with clear indications of ownership, plot size, and characteristics relevant to agribusiness (such as soil, climate, water infrastructure, potential squatting).

» Taking into account E&S risks, engaging with affected communities and broader authorities to see if a consensus can be derived on willingness to attract a particular investment, initial assessment of compensation and rehabilitation requirements, and other conditions.

» Establishing a clear and well-publicized allocation process and timeline, ideally using competitive tendering.

» Establishing draft lease and concession documents that clearly state the rights and obligations of all parties, incorporate social and environmental safe guards, and support project implementation monitoring and revocation clauses.

» Strengthening the governance framework around specific agribusiness subsectors, investment project monitoring capacity (including E&S issues), grievance mechanisms, and so on.

TIP

In practice, very little proactive site preparation and investor due diligence tends to take place, leading to opaque land transactions with under-qualified investors, or no investment at all.
While measures to facilitate access to land may be important for promoting new investment opportunities, they should be taken in accordance with the seven principles of responsible agricultural investment (see Box 3) and never supersede the rights and well-being of a location’s populace. Project leaders can get a picture of the Trade and Competitiveness Global Practice’s activities related to agricultural land in Appendix 3. Several other land-related tools are available with this guide, including:

- Appendix 18. Institutional landscape assessment for promotion of agribusiness FDI (template)
- Appendix 32. MoU between an agribusiness company and landowners (template from Sierra Leone)
- Appendix 34. Key recommendations for a model land concession framework (example of Liberia)
Step 3. Preparing for a Targeting Campaign

3.1 Developing marketing messages and materials  
   p. 50

3.2 Setting targeting campaign parameters  
   p. 54

3.3 Securing cooperation from partners and stakeholders for facilitation and reforms  
   p. 59
There are three core components to campaign preparation: the development of marketing messages and materials, setting campaign parameters, and securing cooperation from partners and stakeholders.

3.1 Developing marketing messages and materials

The sector scan produced extensive and detailed information on the state of various subsectors. This was the information by which the targeting team decided which subsectors to target. It is also the same information by which investors will make their location decisions. That knowledge needs to be transmitted from the targeting team to potential investors through a persuasive marketing message and effective promotional materials.

The information needed is of four types (Figure 2). Solid subsector information serves as the foundation for an effective marketing message. From this, investor-specific needs are identified and matched to the solutions that a location has to offer. This builds toward proven results from other investors who have been satisfied with their experiences in the location.

Table 8 presents further details of the information needed and offers sources for the targeting team to find them.
FIGURE 2. The types of information needed for an effective marketing message

- Examples and evidence of other satisfied investors

- How the location will meet investors' needs

- How the location better meets investors' needs than competing locations

Such as:
- Access to agricultural output
- Growth
- Diversification
- Innovation

Of the:
- Location
- Markets
- Target investors
- Competing locations
### TABLE 8. Details of information needed and good sources

<table>
<thead>
<tr>
<th>INFO TYPE</th>
<th>DETAILS</th>
<th>SOURCES</th>
</tr>
</thead>
<tbody>
<tr>
<td>MARKET OPPORTUNITIES OF THE SUBSECTOR</td>
<td>• Trade flows locally, regionally and globally: volumes, trends, drivers&lt;br&gt;• Trends and projections in production, locally, regionally and globally&lt;br&gt;• Trends and projections in consumption, locally, regionally and globally (such as demand for traceability and certification)&lt;br&gt;• Price trends and projections, locally, regionally and globally&lt;br&gt;• Any other factors affecting prices, locally, regionally and globally (such as tariffs)&lt;br&gt;• Preferential trade agreements</td>
<td>• Stakeholder interviews&lt;br&gt;• Existing studies (government, donors)&lt;br&gt;• Comtrade, Trade Map&lt;br&gt;• OECD-FAO Agricultural Outlook&lt;br&gt;• Food and Agricultural Policy Research Institute’s World Agricultural Outlook&lt;br&gt;• International Food Policy Research Institute&lt;br&gt;• United States Department of Agriculture’s Foreign Agricultural Service&lt;br&gt;• LMC International Bulletins&lt;br&gt;• FAO Stats&lt;br&gt;• United Nations Development Programme’s Human Development Indicators&lt;br&gt;• World Development Report (World Bank Group)&lt;br&gt;• Central Intelligence Agency World Factbook&lt;br&gt;• United States Congressional Research Service&lt;br&gt;• Sector associations’ and companies’ websites&lt;br&gt;• Media articles, blogs, etc.</td>
</tr>
<tr>
<td>RELATIVE ADVANTAGES AND DISADVANTAGES OF THE LOCATION AND COMPETING LOCATIONS</td>
<td>• Average and best practice yields of the given crop&lt;br&gt;• Agro-climatic conditions, in particular factors relevant to the given crop&lt;br&gt;• Water availability for irrigation&lt;br&gt;• Availability and cost of resources for a given sub-sector&lt;br&gt;• Availability of land and other assets (make standard assumptions about land requirement for investment in a given sub-sector)&lt;br&gt;• Logistical and infrastructure assets available, by location&lt;br&gt;• Labor skills, institutions and laws/regulation in support of given sub-sector&lt;br&gt;• Assess availability of imported inputs and restrictions/incentives on imports&lt;br&gt;• Identify relevant government and donor support programs targeting given sub-sector and geographical cluster&lt;br&gt;• Analyze key cost and revenue drivers (focus on factors relevant to given crop)&lt;br&gt;• E&amp;S issues and reputation of the sector</td>
<td>• Stakeholder interviews&lt;br&gt;• Data from government agencies&lt;br&gt;• Existing studies (government, donors)&lt;br&gt;• FAO Stats&lt;br&gt;• International Labour Organization&lt;br&gt;• <a href="http://www.Maplecroft.com">www.Maplecroft.com</a>&lt;br&gt;• Country Human Rights Report of US Department of State&lt;br&gt;• United States Department of Labor’s List of Goods produced by Child Labor or Forced Labor 2012&lt;br&gt;• Economist Intelligence Unit&lt;br&gt;• Central Intelligence Agency World Factbook</td>
</tr>
</tbody>
</table>
### EXISTING INVESTORS
- In most sub-sectors, the presence of successful existing projects is a selling point to new investors, as long as the market demand is sufficient.
- Identify and profile any significant player in the given sub-sector, highlighting size and growth trends, as well as recent investments.
- When there is no major existing investor in the subsector, internationally recognized companies in other sectors may be showcased.

### BUSINESS ENVIRONMENT AND MACROECONOMY
- Political stability
- Peace and security
- Economic growth and the emergence of a middle class
- Successful booming local and foreign investments
- Good pro-business governance and policies, reforms, strong justice system
- Availability and quality of infrastructure, including roads, ports, electricity, and telecommunications
- Availability and quality of business services, such as banking and insurance
- Public investments in health and education
- Investment code (incentives, investor protections, treaties and protocols, and so on)
- Institutional support to investors (such as investment promotion agency or one-stop-shop)
- Living conditions for expatriates

### SOURCES
- Web search
- Stakeholder interviews
- Investment promotion and other relevant agencies
- Industry and Trade associations
- Business registry
- Statistics bureau
- World Development Report (World Bank Group)
- Doing Business (World Bank Group)
- Governance Indicators (World Bank Group)
- International Monetary Fund
- United Nations Conference on Trade and Development
- World Economic Forum Global Competitiveness Report
- Transparency International
- Comtrade, Trade Map
- Mo Ibrahim Africa Governance Index
- Press Freedom Index
With the necessary information in hand, the first step in putting together the marketing message for a targeted subsector is to articulate a clear value proposition for it. A value proposition is a one- or two-sentence statement, explicitly and quantitatively expressing the concrete benefits an investor can expect from making an agribusiness investment in a location, such as 50 percent higher profitability than the next best location or access to an emerging market that adds 10 million new middle class consumers per year, for example. This statement is the foundation of the more complete and detailed marketing message delivered in presentations and promotional materials.

The value proposition can be subsector-specific to start, but then it should be tailored to each company met as part of the targeting campaign. The following is a good example of a subsector-specific value proposition from Invest in Canada, which its sector presentations back up with comparative data:

"With proximity to raw materials and strong research and development, six Canadian locations benchmarked for grain and oilseed processing offer higher profitability than all benchmarked counterparts in the U.S. and Europe."

When building a marketing message, the value proposition serves as a hook to pique the interest of investors, but the bulk of the message itself should succinctly provide data critical to site selection by investors and supporting testimony from objective parties. It should end with explicit recommendations for action to the audience. This structure is depicted in Figure 3.

For real examples of full marketing messages in PowerPoint format prepared for several agribusiness subsectors in Tanzania, see Appendix 25. For an example, of the boiled down one-page brochure, see Appendix 26.

3.2 Setting targeting campaign parameters

At the core of targeting is the campaign, a trip to make face-to-face presentations to high-potential investors, usually at their headquarters abroad. Other activities, like participation in trade shows, business dinners, and press events may also be included, but they are secondary events and usually less effective. In Sierra Leone, an investor targeting project even included crop trials, so that investors could be presented with real data on soil fertility, crop yields, and the like.

To make the cost of international travel worthwhile, a targeting campaign should try to arrange as many face-to-face presentations as possible with the decision-makers of companies pre-identified as being likely to invest.

The effective planning of this campaign W(see Figure 4) will have a significant effect on its results and return on resources expended. Therefore, once the subsectors of focus have been decided, the parameters of the campaign should be defined. These include the geographic area to be visited, the activities to be undertaken, and the goals to be achieved, as well as a plan of operations that includes team member roles, budgets, timelines, and indicators for success.
FIGURE 3. Structure for a sound marketing message

- **The Hook**
  - Succinct Value Proposition
  - Demonstrates Company-Specific Strategy, Trends, News, etc.
  - Sector-Specific Needs and Pressures

- **Demonstration of Knowledge**
  - Address All Decision-Drivers
  - Impress with Figures
  - Dispel Common Concerns

- **Inform & Impress**
  - Prove with Results, Testimonials and Cases

- **Convince**
  - Summary of the Case for a Location
  - Pithy Reason to Act Now
  - Government Support
  - Get Commitment to a Next Step
STEP 3.
PREPARING FOR A TARGETING CAMPAIGN

3.1 DEVELOPING MARKETING MESSAGES AND MATERIALS
3.2 SETTING TARGETING CAMPAIGN PARAMETERS
3.3 SECURING COOPERATION FROM PARTNERS AND STAKEHOLDERS FOR FACILITATION AND REFORMS

BOX 5. A ROLE FOR INVESTMENT CONFERENCES IN TARGETING CAMPAIGNS

An investor conference in the location being promoted can be a good way to kick off investor targeting campaigns in sectors for which there is already considerable international interest but little available information. Agriculture and agribusiness in a newly liberalized, rapidly emerging, or post-conflict developing country is likely to garner such interest. An investor conference might consist of two or three days of presentations on investment opportunities; discussions with high-level officials on investment climate reforms; networking with authorities, suppliers, joint venture partners, and business service providers; and a demonstration of new capacity for investment facilitation.

However, WBG experience has shown investor conferences to have limited success in terms of generating real investment leads. This is often because of insufficient preparation to ensure that the appropriate decision-makers from the companies most likely to invest will attend and because of insufficient follow up to convert interest into action.

It is possible to make such events successful, as with the Rwanda Tea and Horticulture Investor Forum in 2010, which generated a number of investments. However, they require a great deal of planning, preparation and follow up in order to get the most out of them, with the majority of the hard work going into the preparations (identification of competitive sectors and projects to promote, preparation of viable investment propositions, due diligence on investment opportunities, preparation of pitch materials, speeches and presentations, targeted identification of potential investors, plus all the logistics work, invitations, speakers, etc.) and in follow up (capitalizing on any investor interests identified, providing follow up information, encouraging and supporting site visits, etc.). Based on experiences in successful investor conferences elsewhere, it is strongly suggested that the investor conferences should be planned no less than six months after the planning work commences, and even this would be a tight timeline. It is also suggested to develop an active outreach capability after the event that experience suggests is most important in bringing in new investors and investment.
The international travel expenses entailed in a targeting campaign can be high and will usually need to be justified to senior IPI management, a board of directors, a ministry, and/or the public. For this reporting and in order to ensure the best return possible on those expenditures, it is important to decide and monitor clear indicators for success. In this practice of “monitoring and evaluation,” or M&E, indicators of success typically fall into one of three categories: output, outcome, and impact.

Outputs are the immediate, concrete products of one’s work, such as a list of solid “leads” for potential investors. Outcomes are the use of outputs towards the realization of an intended impact. So, outcomes for a targeting campaign might include the number of face-to-face meetings held with potential investors and, following those meetings, the number of visits made by potential investors to the location promoted. Finally, impacts are the ultimate reasons for engaging in investor targeting, such as investment, jobs, exports, or growth of a subsector. Figure 5 gives an example of indicators and results specific to a targeting campaign. For a template to track investor targeting baselines, objectives, and results, see Appendix 27.

---

**FIGURE 4. Parameters to be defined for effective planning of a targeting campaign**

- **SCOPE**
  - Sector
  - Geography
  - Marketing message

- **OBJECTIVES**
  - Build interest in the location
  - Build relationships
  - Get commitments to site visits and follow-on meetings
  - Collect intelligence

- **ACTIVITIES**
  - Present to corporate decision-makers
  - Take part in industry events
  - Hold business dinners

---

**CAMPAIGN PLAN WITH TEAM MEMBERS, TIMELINE BUDGET AND INDICATORS FOR SUCCESS**
STEP 3.
PREPARING FOR A TARGETING CAMPAIGN

3.1 DEVELOPING MARKETING MESSAGES AND MATERIALS
3.2 SETTING TARGETING CAMPAIGN PARAMETERS
3.3 SECURING COOPERATION FROM PARTNERS AND STAKEHOLDERS FOR FACILITATION AND REFORMS

FIGURE 5. Example of custom M&E indicators for investor targeting

Sample Metrics

- Qualified Contacts: 200
- Letters Sent: 200
- Calls Made: 273
- Calls Completed: 160
- Meetings Confirmed: 13
- Meetings Held: 12
- Follow-up Requested: 8
- Site Visits: 3
- Announced Investments: 1
- Actual Investments: 1

6%

8%
M&E targets should also come with corresponding deadlines for their achievement, so that at any given time the targeting team, the client, and stakeholders can know how many targets have been fully met, partially met, or missed.

### 3.3 Securing cooperation from partners and stakeholders for facilitation and reforms

Investor targeting is only truly successful when it leads to investments, jobs, and their various developmental spillovers. Between a targeting campaign and the point of investment, there is much work to be done in supporting investors through their due diligence, satisfaction of government requirements, and start of operations. Most of this work falls under the category of investment facilitation and should be a regular part of the job for both IPIs and their counterparts in the various government offices with responsibility over one aspect of an investment project or another. These may include business registration, investment approval, land leasing, and importing of capital inputs, among other aspects.

In addition, in the course of preparing and implementing a targeting campaign, certain investment climate problems may have been pointed out as critical constraints on investment. The targeting team will find that these problems are resolvable in the short term, long term, or not at all. When they deem an investment climate reform possible in the short term, desirable, and likely to have a significant impact on the success of the targeting initiative, they should pursue the reform in parallel. If the needed reform is seen as a significant barrier to investment and if the barrier is likely to take a long time to resolve then targeting activities may have to be postponed until investment is deemed more viable.

Table 9 is an example of an action plan combining elements of investor targeting and investment climate reform. It was used to manage project implementation over a period of 18 months, with the Rwanda Development Board (RDB) and the Rwanda Horticulture Development Agency (RHODA) in the lead and supported by Bank Group staff and consultants. Sensitive land issues, such as land acquisition and resettlement, were avoided by focusing projects on land that was 1) government-owned, empty, available, and beyond dispute, 2) owned by farmers or cooperatives who were willing to allow investors to lease part of their land for nucleus estate or contract farming arrangements, or 3) already 100% privately owned but underutilized or idle.
TABLE 9. Targeting-reform action plan for the Rwandan horticulture sector

<table>
<thead>
<tr>
<th>ACTIVITY AND SPECIFIC ACTION STEPS</th>
<th>TARGET DATE</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Confirm land needs and projected freight volumes of all existing horticulture investors and leads</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet RHODA, RDB, donors, investors, etc. in Kigali to confirm existing horticulture leads &amp; investors; visit selection of sites to understand types of land options</td>
<td>March</td>
<td>Update on Leads</td>
<td>Update on Leads</td>
<td>Investment promotion consultants with sector expertise (1 int’l, 1 local)</td>
</tr>
<tr>
<td>Set up bimonthly conference call to review progress, flag new leads and emerging issues</td>
<td>March</td>
<td>1 hr per fortnight</td>
<td>1 hr per fortnight</td>
<td>Project Leader</td>
</tr>
<tr>
<td>Create unified tracker – for internal data capture and external progress reporting</td>
<td>March</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Meet/call all identified leads in Kenya; confirm land needs &amp; projected freight volumes; input to tracker</td>
<td>March</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Call other identified leads; confirm land needs &amp; projected freight volumes; input to tracker</td>
<td>March-April</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Visit leads in Uganda &amp; Tanzania, as needed, to confirm land needs &amp; projected freight volumes; input to tracker</td>
<td>April</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>For most interested investors, begin to schedule personal visits, with full engagement of senior GoR officials</td>
<td>May on</td>
<td>1 Officer 5 Days/Month</td>
<td>1 Officer 5 Days/Month</td>
<td>Local IP Consultant</td>
</tr>
</tbody>
</table>

2a. Identify range of land sites to meet needs of confirmed leads

<table>
<thead>
<tr>
<th>ACTIVITY AND SPECIFIC ACTION STEPS</th>
<th>TARGET DATE</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review maps at Land Centre, Min. of Agriculture, provincial land offices, major government land-holders, donor programs (LWH, etc.) to identify zones where sites with climate, topography, soils, infrastructure suitable for leads might be available</td>
<td>April</td>
<td>—</td>
<td>Provide input</td>
<td>Land adviser International IP consultant Local IP consultant</td>
</tr>
<tr>
<td>Visit target zones (with RHODA, district authorities) to identify specific sites and confirm suitability</td>
<td>May</td>
<td>—</td>
<td>1 Officer 5 Days/Month</td>
<td>Land adviser</td>
</tr>
<tr>
<td>Create database and maps of identified sites; send to all confirmed leads</td>
<td>May</td>
<td>—</td>
<td>—</td>
<td>Land adviser International IP consultant</td>
</tr>
<tr>
<td>ACTIVITY AND SPECIFIC ACTION STEPS</td>
<td>TARGET DATE</td>
<td>RDB</td>
<td>RHODA</td>
<td>EXTERNAL</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------------------------------</td>
<td>-------------</td>
<td>--------------</td>
<td>--------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>2a. Identify range of land sites to meet needs of confirmed leads</td>
<td>May</td>
<td>Provide Input</td>
<td>Provide Input</td>
<td>Land Adviser</td>
</tr>
<tr>
<td>Confirm/create document explaining land leasing process and terms; send to all confirmed leads</td>
<td></td>
<td></td>
<td></td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>As needed, engage land-rectification experts to confirm feasibility &amp; cost of preparing particular land-types for horticulture projects (such as polder experts to assess potential of alluvial plains)</td>
<td>June</td>
<td>—</td>
<td>Provide Input</td>
<td>Bank Group Expert or Donor Expert</td>
</tr>
<tr>
<td>Begin signing lease agreements for specific land-sites with target leads</td>
<td>July on</td>
<td>1 Officer</td>
<td>1 Officer</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5 Days/Month</td>
<td>5 Days/Month</td>
<td></td>
</tr>
<tr>
<td>2b. Negotiate air freight deals based on projected export volumes of confirmed leads and investors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Meet/call existing airlines serving Kigali; present projected volumes; get written proposals of future freight capacity and price formulae, conditional on volume commitments</td>
<td>May</td>
<td>—</td>
<td>Provide Input</td>
<td>International Consultant Local IP Consultant</td>
</tr>
<tr>
<td>Meet/call other airlines not yet serving Kigali, including cargo charters; present projected volumes; get proposals of future freight capacity and price formulae, conditional on volume commitments</td>
<td>May</td>
<td>—</td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Identify any gaps vs. capacity and rates desired by investors and leads (and/or vs. rates in neighbouring countries); as necessary, explore options for further reductions, through reduced taxes, handling charges or other mechanisms supported by government or development partners</td>
<td>May</td>
<td>—</td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>As needed, engage air-freight expert to close gap and resolve any remaining issues</td>
<td>June</td>
<td>—</td>
<td>Take Lead</td>
<td>Donor Expert</td>
</tr>
</tbody>
</table>
### TABLE 9. Targeting-reform action plan for the Rwandan horticulture sector (continued)

<table>
<thead>
<tr>
<th>ACTIVITY AND SPECIFIC ACTION STEPS</th>
<th>TARGET DATE</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2b. Negotiate air freight deals based on projected export volumes of confirmed leads and investors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Begin signing agreements with chosen airline and exporters, committing to agreed volumes and rates for fixed period</td>
<td>July on</td>
<td>1 Officer, Occasional Time</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2c. Resolve any issues with quality and certification needed to start exporting to the European Union &amp; other markets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confirm with existing and expected horticulture exporters what certifications &amp; quality systems they will need to have in order to export to the EU or other target markets</td>
<td>March-April</td>
<td></td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Work out system with MinAg, donors and certification agencies to ensure that necessary certifications are in place</td>
<td>May</td>
<td></td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>As needed, engage cold-chain expert to put in place new management guidelines and service-level agreement for cold-store at airport, to ensure standards meet requirements for export</td>
<td>June</td>
<td></td>
<td>Provide Input</td>
<td>NGO Expert</td>
</tr>
<tr>
<td>Begin signing agreements with certification agencies and cold-store management to ensure systems are in place, as investors start operations</td>
<td>July on</td>
<td>1 Officer</td>
<td>5 Days/Month</td>
<td></td>
</tr>
<tr>
<td><strong>3. Begin promotion to next wave of leads not yet engaged</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Update presentation materials, based on progress made with first-wave leads, airlines and land sites</td>
<td>July</td>
<td>Provide Input</td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Create calendar of annual horticulture events (such as Naivasha Horticultural Fair) &amp; work out calendar for participation of RDB CEO &amp; Minister Agriculture at key events</td>
<td>July</td>
<td>Provide Input</td>
<td>Provide Input</td>
<td>International IP Consultant</td>
</tr>
<tr>
<td>Identify &amp; email all other potential investors in East Africa, not already contacted; do follow-up calls</td>
<td>July</td>
<td></td>
<td></td>
<td>International IP Consultant</td>
</tr>
</tbody>
</table>
### ACTIVITY AND SPECIFIC ACTION STEPS

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target Date</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>As appropriate, organize missions to/from Nairobi, Kampala, Arusha to convince interested leads</td>
<td>August</td>
<td>1 Officer to attend</td>
<td>1 Officer to attend</td>
<td>NGO Expert</td>
</tr>
<tr>
<td>Identify &amp; email all potential investors in Benelux; do follow-up calls</td>
<td>September</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant, Marketing Expert</td>
</tr>
<tr>
<td>As appropriate, organize missions to/from Benelux to convince interested leads</td>
<td>October</td>
<td>1 Officer</td>
<td>1 Officer</td>
<td>Donor Expert</td>
</tr>
<tr>
<td>Identify &amp; email all potential investors in Southern Africa; do follow-up calls</td>
<td>November</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant, Marketing Expert</td>
</tr>
<tr>
<td>As appropriate, organize missions to/from Southern Africa to convince interested leads</td>
<td>December</td>
<td>1 Officer</td>
<td>1 Officer</td>
<td>Client Government</td>
</tr>
<tr>
<td>Identify &amp; email all potential investors in Middle East (Israel, Gulf, Egypt, Turkey, Morocco); do follow-up calls</td>
<td>January</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant, Marketing Expert</td>
</tr>
<tr>
<td>As appropriate, organize missions to/from Middle East to convince interested leads</td>
<td>February</td>
<td>1 Officer</td>
<td>1 Officer</td>
<td>Regional Governments</td>
</tr>
<tr>
<td>Identify &amp; email all potential investors in Asia (India, Pakistan, Thailand, China); do follow-up calls</td>
<td>March</td>
<td>—</td>
<td>—</td>
<td>International IP Consultant, Marketing Expert</td>
</tr>
<tr>
<td>As appropriate, organize missions to/from Asia to convince interested leads</td>
<td>April</td>
<td>1 Officer</td>
<td>1 Officer</td>
<td>Regional Governments</td>
</tr>
</tbody>
</table>

### 3. Begin promotion to next wave of leads not yet engaged

### 4. Repeat steps 2a, 2b, and 2c above for new wave of leads

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target Date</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>——</td>
<td>August on</td>
<td>Full-time Ag Officer</td>
<td>Full-time Officer</td>
<td>International IP Consultant, Local IP Consultant</td>
</tr>
</tbody>
</table>
TABLE 9. Targeting-reform action plan for the Rwandan horticulture sector (continued)

<table>
<thead>
<tr>
<th>ACTIVITY AND SPECIFIC ACTION STEPS</th>
<th>TARGET DATE</th>
<th>RDB</th>
<th>RHODA</th>
<th>EXTERNAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engage consultant(s) to analyse all aspects of operations of existing local investors (strategy/business plan, financing, marketing, packaging, supply chain, quality, etc.)</td>
<td>September-October</td>
<td>—</td>
<td>Provide Input</td>
<td>Bank Group Expert or Donor Expert</td>
</tr>
<tr>
<td>Identify key constraints to export growth; recommend solutions to remove constraints in financing, marketing, packaging, supply chain, quality control, etc.</td>
<td>November-December</td>
<td>—</td>
<td>Provide Input</td>
<td>Bank Group Expert or Donor Expert</td>
</tr>
<tr>
<td>Roll-out solutions, e.g. new financing mechanisms, market promotions, supply improvements, certification programs, etc.</td>
<td>January on</td>
<td>—</td>
<td>Take Lead</td>
<td>Bank Group Expert or Donor Expert</td>
</tr>
</tbody>
</table>

For both investment facilitation and investment climate reform, the cooperation of stakeholders is needed. It is up to the targeting team to engage stakeholders as needed, communicating why and how they should cooperate.

Engagement should be proactive and strategic, with the objectives to create a shared commitment across government and stakeholders to attract investors, and to strengthen investor targeting by broadening local stakeholder ownership. The targeted stakeholders, communication messages, and communication tools will vary depending on the issue and may evolve over time, as circumstances change. Common types of stakeholder and modes of engagement in agribusiness include:

- Government stakeholders, donors, senior private sector representatives, NGOs, international organizations, and agro-commodity organizations (such as World Cocoa Foundation): Face-to-face meetings and workshops to present and discuss the campaign vision and objectives, in order to create “ambassadors” and mobilize support to implement priority policy interventions and facilitate investments.
- Broader local stakeholders: Workshops and media releases to inform the wider public about the government’s efforts to attract investors (rationale, targets, risks, timeframes), with a view to enhance political dividends for the client and mitigate potential backlash.
- Rural communities: Village-level visits and consultations in potential new investment sites.
to discuss the potential benefits and risks of new investments (such as land speculation; resettlement; community health, safety, and security; job creation; strategic community engagement by new companies) and to confirm community interest (See Appendix 6 for a handbook on stakeholder engagement).

» Target investors and international community:
Targeting of pre-identified investors (mailing, calls, promotion missions); harnessing of official inward and outward visits; use of embassies, donors, and business networks; web and international media; investor conferences (locally or abroad) can be used to promote the country and opportunities.

When communicating with these stakeholders, it is important to clearly communicate anticipated impacts and the constraints to achieving them. This allows stakeholders to understand the importance of their cooperation in facilitating investment projects and investment climate reforms. Table 10’s list of campaign targets in Sierra Leone helped stakeholders understand the link between project goals and their own:

**TIP**

Stakeholder mobilization is a balancing act. Too little stakeholder involvement and a targeting team may be “reinventing the wheel,” developing information, tools, and connections that a location’s agribusiness community already possesses. It can also give investors the sense that the support they would receive in a location is limited to the support given by the targeting team. Too much stakeholder involvement and the project might be slowed by over-consultation, indecision, and the pursuit of tangential goals. The targeting initiative needs a clear strategy, a capable implementing agency, prominent champions, and a clearly defined scope of engagement for every stakeholder approached, so that they all understand what is expected of them and how they can benefit from cooperation.
STEP 3.
PREPARING FOR A TARGETING CAMPAIGN

3.1 DEVELOPING MARKETING MESSAGES AND MATERIALS

3.2 SETTING TARGETING CAMPAIGN PARAMETERS

3.3 SECURING COOPERATION FROM PARTNERS AND STAKEHOLDERS FOR FACILITATION AND REFORMS

TABLE 10. Long-term objectives for investor targeting outcomes in the sugar and oil palm sectors in Sierra Leone

<table>
<thead>
<tr>
<th>Objective</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attract 2 major sugar companies</td>
<td>Export 300,000 tons of sugar or ethanol per year</td>
</tr>
<tr>
<td>Attract 3 major palm oil companies</td>
<td>Increase national export revenues by $250 million per year</td>
</tr>
<tr>
<td>Create 25,000 jobs</td>
<td>Reduce the national import bill by $50 million per year</td>
</tr>
<tr>
<td>Engage 25,000 contract farmers</td>
<td>Use investor know-how and technology to help local farmers improve crop yields and feedstock quality</td>
</tr>
<tr>
<td>Produce 1,000 skilled jobs in agronomy, engineering, and finance</td>
<td>Have investors generate 200 megawatts of electricity, achieving national self-sufficiency for electricity</td>
</tr>
<tr>
<td>Produce 100,000 tons of sugar or derivative products per year</td>
<td>Increase national average household income by $250 per year</td>
</tr>
<tr>
<td>Produce 50,000 tons of palm oil or derivative products per year</td>
<td>Build out surrounding homes, schools, health facilities, roads, and electricity supply</td>
</tr>
<tr>
<td>Eliminate the need for imports of sugar and vegetable oils</td>
<td>Improve Sierra Leone’s net carbon footprint</td>
</tr>
</tbody>
</table>
Step 4. Executing a Targeting Campaign and Following up

4.1 Generate and qualify leads  
   p. 68

4.2 Send e-mails and make calls until meetings are confirmed

4.3 In-depth research, to tailor messages and screen possible target companies for suitability to the goals of the project  
   p. 76

4.4 Prepare customized presentations and promotional materials

4.5 Make face-to-face pitches  
   p. 80

4.6 Follow up to get site visits and eventually a decision to invest  
   p. 82
Campaign execution is “where the rubber hits the road.” It is the step where investor targeting team members stand before potential investors in face-to-face meetings and do their best to stimulate investor interest in their location. These meetings typically occur as part of a one- or two-week trip to the area or areas where top prospects are geographically concentrated. For a fuller description of how such an investor targeting mission is conducted, see an example from Rwanda in Appendix 28.

Investors will either be interested enough to follow up and remain engaged, or they will not. Investors expressing disinterest will be unlikely to grant further audiences to the targeting team. Therefore, preparation must be thorough and as tailored as possible to the interests of each investor.

Campaign execution can be thought of as six steps. Three are preparation, and three are opportunities to persuade investors to take a next step.

**FIGURE 6. An illustrative example of the short-listing process**

- Long list of 500-1000 companies
- Filter by Company Size
- Filter by Location
- Filter by Investment Potential
- Short list of 20-30 target investors

### 4.1 Generate and qualify leads

Even in relatively attractive sectors, only a small percentage of companies contacted are likely to accept meetings. To fill 1-2 weeks of a targeting campaign with 5-20 meetings, campaign planners may have to start with a long list of companies numbering in the hundreds. To generate and qualify leads, one should:

- Produce a profile of a likely, desirable investor.
- Set up a database to manage leads Research companies, arriving at a long list in the hundreds.
- Research companies, arriving at a long list in the hundreds.
- Refine search criteria and conduct more detailed research, arriving at a shorter list of companies with a top tier of 20-30.

*Produce a profile of a likely, desirable investor*
Before searching for investors to approach, a targeting team must know what kind of investor it wants and what kind of investor would be interested in the location’s value propositions. The subsector research done to this point can provide much of the information needed to create a profile of a target investor. This would include goods and services to be produced, space needed, location, inputs needed and their likely sources, likely target markets, labor needs, environmental and social impact, and likely decision-drivers. An analysis of investors already established in the location or in competing locations can be particularly instructive. In many cases, it will make sense to target companies other than the largest and best known as smaller companies in the region may be more familiar with and interested in a given location. Company targets should be context and location-specific.

Set up a database to manage leads

Researching and identifying leads will generate extremely large quantities of information. It is, therefore, essential that a database be set up to more easily manage and reference information. Customer relationship management software can be custom-made, purchased off the shelf, or roughly simulated with Microsoft Excel. Important data fields to include are:

» Company name
» Person responsible for lead
» Contact name and title
» HQ address, phone #, and web site
» Line of business
» Parent company
» Revenues
» Number of employees

» Services Offered
» Location of Overseas Offices and Operations
» Local partners
» Source of lead
» Status of Lead
» Date Contacted
» Comments/Notes

Research companies, arriving at a long list with hundreds of companies

The information used to select the priority subsectors — primarily existing studies and stakeholder interviews — should include many company names and is a good starting point. Free sources for research include newspapers, trade association directories, company registries, trade publications, sector events, representatives of foreign markets, public records, and company web sites, but most of these will yield only a few names at a time and are more useful for maintaining an already existing database.

The large number of company names needed for the long list can be gotten most efficiently from commercial databases online. A sample of these are listed in Table 11, along with known strengths and weaknesses of some. If purchasing data, one should be sure that it can be downloaded in a format that can be manipulated not, for example, PDF.
### STEP 4.
**EXECUTING A TARGETING CAMPAIGN AND FOLLOWING UP**

**TIP**
Companies with a history of investing abroad are likely to invest further. In fact, a targeting team may find some of its best leads in the directories of trade associations, chambers of commerce, and embassies in competing locations.

#### TABLE 11. A sample of online databases for company research

<table>
<thead>
<tr>
<th>ONLINE DATABASES FOR COMPANY RESEARCH</th>
<th>WEBSITE</th>
<th>STRENGTHS</th>
<th>WEAKNESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUSINESS MONITOR INTERNATIONAL</td>
<td><a href="http://www.businessmonitor.com">www.businessmonitor.com</a></td>
<td>Maps multinationals and their competitors</td>
<td>Not exclusively FDI focused</td>
</tr>
<tr>
<td>CORPORATE AFFILIATIONS</td>
<td><a href="http://www.corporateaffiliations.com">www.corporateaffiliations.com</a></td>
<td>Details company linkages</td>
<td>U.S. focus</td>
</tr>
<tr>
<td>DATAMONITOR</td>
<td><a href="http://www.datamonitor.com">www.datamonitor.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DUN AND BRADSTREET</td>
<td><a href="http://www.dnb.com">www.dnb.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIU WORLD INVESTMENT SERVICE</td>
<td><a href="http://eiu.bvdep.com">http://eiu.bvdep.com</a></td>
<td>Includes business costs and forecast</td>
<td>Limited country coverage</td>
</tr>
<tr>
<td>FDI MARKETS</td>
<td><a href="http://www.fdimarkets.com">www.fdimarkets.com</a></td>
<td>Project specific details</td>
<td>Limited contact information</td>
</tr>
<tr>
<td>HOOVERS</td>
<td><a href="http://www.hoovers.com">www.hoovers.com</a></td>
<td>Detailed company info and contacts</td>
<td>U.S. focus</td>
</tr>
<tr>
<td>INVESTMENT MAP</td>
<td><a href="http://www.investmentmap.org">www.investmentmap.org</a></td>
<td>Complementary data on sector</td>
<td>Lacks company info</td>
</tr>
<tr>
<td>KOMPASS</td>
<td><a href="http://www.kompass.com">www.kompass.com</a></td>
<td>Great for Europe, various languages</td>
<td>Data quality issues</td>
</tr>
</tbody>
</table>

### 4.1 GENERATE AND QUALIFY LEADS
4.2 SEND E-MAILS AND MAKE CALLS UNTIL MEETINGS ARE CONFIRMED
4.3 IN-DEPTH RESEARCH, TO TAILOR MESSAGES AND SCREEN POSSIBLE TARGET COMPANIES FOR SUITABILITY TO THE GOALS OF THE PROJECT
Knowing which commercial database to use or whether to use one at all depends on the geographic market targeted. However, even the best-suited database to one’s target market is unlikely to provide all desired information. For example, some databases may reliably provide names of executives, telephone and e-mail contacts, names of foreign affiliates, or business activities, but not all of them. Furthermore, the usefulness of this information will vary by region, as different cultures have different levels of receptiveness to calls, e-mails, and letters. Figure 7 summarizes some of the common characteristics by region of company databases and expectations for contact.

Refine search criteria and conduct more detailed research, arriving at a shorter list of companies with a top tier of 20-30

With a long list of investors in one’s database, they can be filtered according to the information in the data fields which were selected for their relevance to investor decision-making and the investor traits sought. However, criteria may need to be added or modified along the way based on unexpected results (such as too few companies) or a growing understanding of the subsector.

Filtering the list according to these criteria should allow a targeting team to arrive at a short list of 50-200 “qualified” leads, depending on the specificity of the subsector and activity being looked at. This is a good starting point for the direct marketing efforts to get meetings.

FIGURE 7. Tips for contacting investors in different regions

UNITED STATES
• Commercial company databases work well
• Be ready to speak to an executive immediately
• You have got three to five minutes to state your case
• If unprepared, lost lead

EUROPEAN UNION
• Europe-focused commercial databases work well
• Be ready to deal with a gatekeeper
• North Europeans are generally far more accessible than Southern Europeans
• Southern Europe is more similar to Latin America

LATIN AMERICA
• Commercial company databases do not work well
• Contacting industry associations for lists of members is effective
• Using strategic allies is effective
• Telephone calls go to gatekeeper (secretary)

AFRICA
• Commercial company databases do not work well
• Difficult to find information using only the internet. Must make direct telephone calls
• Make use of third-party intermediaries, such as consultants and legal firms

ASIA
• Company databases do not work well
• Very difficult to find information
• Access to senior executives is hard. Multiple gatekeepers
• Meeting executives at industry events is an alternative approach
STEP 4. EXECUTING A TARGETING CAMPAIGN AND FOLLOWING UP

---

4.1 GENERATE AND QUALIFY LEADS
4.2 SEND E-MAILS AND MAKE CALLS UNTIL MEETINGS ARE CONFIRMED
4.3 IN-DEPTH RESEARCH, TO TAILOR MESSAGES AND SCREEN POSSIBLE TARGET COMPANIES FOR SUITABILITY TO THE GOALS OF THE PROJECT

---

**TABLE 12. Short list from a Malian investor targeting campaign in the fruit and vegetable sector**

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tambaroua (Niang) Farms</td>
<td>Production and distribution of high quality horticulture products for Bamako market; product development and testing and consulting services</td>
</tr>
<tr>
<td>Dutch Embassy in Mali</td>
<td>The embassy is very active in the commercial agriculture area, with programs focusing on market-based development. Embassy links with a series of Dutch-based development instruments including PSI, MMF, ORIO, Daey Ouwens Fund, etc. (see below), as well as the Dutch and Malian private sector</td>
</tr>
<tr>
<td>PUM (Mali office) Manager Deployment Programme</td>
<td>Dutch not-for-profit network of experienced entrepreneurs providing pro-bono consultancy in a variety of fields to local entrepreneurs in developing countries. Strong in horticulture. The senior experts often end up developing JVs with their local partners.</td>
</tr>
<tr>
<td>UNIVEG Group</td>
<td>Worldwide supplier of fresh produce with operations across 4 continents. Serves a global customer base in 25 countries and generated a turnover of EUR 3.3 billion in 2009</td>
</tr>
<tr>
<td>Bakker Barendrecht</td>
<td>Netherlands-based UNIVEG subsidiary. Leading European fruit and vegetable company, with global sourcing operations. Sources mangoes from Mali</td>
</tr>
<tr>
<td>Katopé France</td>
<td>Katopé International SA engages in the production, marketing, distribution, and export of tropical fruits, citrus fruits, stone fruits, deciduous fruits, flowers, vegetables, and salads. It has production and export operations in South Africa, Zimbabwe, Côte D’Ivoire, Senegal, Madagascar, and Brazil</td>
</tr>
<tr>
<td>Compagnie Fruitière</td>
<td>Leading producer of fruits and vegetables in the Africa-Caribbean-Pacific region with a large tomato operations in Senegal (Grands Domaines du Senegal). Also present in Côte d’Ivoire, Ghana and Cameroun (mainly banana and other tropical fruits). Owned 60% by founding family, 40% by Dole</td>
</tr>
<tr>
<td>Semmaris – Marché d’Intérêt National de Rungis</td>
<td>SEMMARIS is a private operator of Rungis International Market in Paris, 1st market in the world (area). Out of their daily food hub management, they developed solutions and expertise for designing food hubs.</td>
</tr>
<tr>
<td>Trisun (Israel) Ltd.</td>
<td>Israeli producer of Fruit Juices, Fruit Concentrates, Tropical Fruit Products, Tomato Paste, Citrus Essential Oils</td>
</tr>
<tr>
<td>Arava Export Growers</td>
<td>Third largest agricultural export company in Israel, with export sales of about 60 million euros. In 2005 the Company made a strategic decision to expand their supply sources by including produce from other farming countries</td>
</tr>
<tr>
<td>Tiger Brands Limited</td>
<td>Large South African food company. Africa expansion strategy includes West Africa. Already present in Cameroon and Nigeria, and recently acquired Davita (South African-based export company with regional presence in West Africa)</td>
</tr>
<tr>
<td>Dole South Africa</td>
<td>Second largest South African fruit exporter. Works with contract farmers mostly</td>
</tr>
<tr>
<td>Capespan (Pty) Ltd</td>
<td>South African producer and exporter of fresh fruit and juice products. Has farming presence in several countries, including South Africa, Zimbabwe, Egypt, Mexico, China</td>
</tr>
<tr>
<td>Ceres Fruit Juices (Pty) Ltd</td>
<td>South African producer and exporter of fruit juice and other fruit products</td>
</tr>
<tr>
<td>ORGANIZATION</td>
<td>COMMENTS</td>
</tr>
<tr>
<td>--------------</td>
<td>----------</td>
</tr>
<tr>
<td>Del Monte Fresh Produce International Inc.</td>
<td>Leading US-based producer of fresh and prepared fruits and vegetables. Present in Cameroon (banana, lemons, palm oil)</td>
</tr>
<tr>
<td>Breeders Trust N.V./S.A.</td>
<td>Breeders Trust is an organization of eight seed potato companies from Germany, the Netherlands, France and Denmark. It concerns AGRICO, DANESPO, EUROPLANT, Germicopa, HZPC, Meijer, Norika and SOLANA.</td>
</tr>
<tr>
<td>Agrico</td>
<td>Agrico is a Dutch farmers cooperative of over 1,300 specialist potato growers. Agrico sells potatoes all over the world, breeds new varieties and develops innovative solutions</td>
</tr>
<tr>
<td>DANESPO A/S</td>
<td>Danish company among leaders in Northern Europe producing, selling/trading and breeding quality ware and seed potatoes</td>
</tr>
<tr>
<td>Potato Masters NV</td>
<td>Belgian company produces, packs and commercializes a wide range of potato varieties. Company distributes its products to retailers across Europe.</td>
</tr>
<tr>
<td>Albert Bartlett and Sons</td>
<td>Albert Bartlett is Britain’s leading grower and packer of potatoes</td>
</tr>
<tr>
<td>Den Hartigh</td>
<td>Dutch supplier of seed potatoes, specialized in global distribution</td>
</tr>
<tr>
<td>East Africa Growers Group (EAGA)</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>Sunripe Ltd</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>Flamingo- Homegrown</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>Shian Exports Kenya Ltd</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>Vegpro Kenya Ltd</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>AAA Growers Ltd.</td>
<td>Among top exporters of fruits and vegetables from Kenya. Known to look for expansion opportunities</td>
</tr>
<tr>
<td>Lonrho Plc.</td>
<td>Listed on the London Stock Exchange since 2011, Lonrho is a Worldwide conglomerate with a long history and strong presence in Sub-Saharan Africa, the focus of its expansion strategy. Active in agribusiness (including inputs, logistics, and processing of F&amp;V for export - through its Rollex Sub), as well as hotels, infrastructure, support services and transportation. Visited Mali in recent past</td>
</tr>
<tr>
<td>Rollex</td>
<td>South Africa based Lonrho subsidiary with presence in Zimbabwe and Namibia. Sources, packs and delivers fresh fruit, vegetable, meat and fish produce from across Africa, delivering to an expansive net work of retail clients. These clients include Shoprite, Spar and Pic n Pay in South Africa and Marks &amp; Spencer; Tesco; Sainsbury, World Flowers, TFC Holland and Univeg in Europe.</td>
</tr>
</tbody>
</table>
### TABLE 12. Short list from a Malian investor targeting campaign in the fruit and vegetable sector (continued)

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSOCIATIONS OF FOREIGN FRUIT AND VEGETABLE PRODUCERS / PROCESSORS</strong></td>
<td></td>
</tr>
<tr>
<td>EUCOFEL - Association Européenne du Commerce de Fruits et Légumes, AISBL</td>
<td>Association of European fruit and vegetable producers and traders</td>
</tr>
<tr>
<td>Europat</td>
<td>Europat was set up by national organizations to represent the interests of wholesale potato merchants at a European level</td>
</tr>
<tr>
<td>Centre technique interprofessionnel des fruits et légumes (CTIFL)</td>
<td>Association of French fruit and vegetable professionals</td>
</tr>
<tr>
<td>Comité National Interprofessionnel de la Pomme de Terre (CNIPT)</td>
<td>French organization to create added value to the potato chain and to stimulate the consumption of fresh potatoes. The CNIPT incorporates all actors of the potato chain</td>
</tr>
<tr>
<td>Groupement Interprofessionnel pour la valorisation de la Pomme de Terre (GIPT)</td>
<td>French Potato organization, includes potato processors</td>
</tr>
<tr>
<td>Nedato</td>
<td>Dutch potato growers cooperation. Nedato also owns the potato peeling operation ASN</td>
</tr>
<tr>
<td>Swisspatat</td>
<td>Swisspatat is the Swiss industry association for the different organizations throughout the potato chain: production, trade, processing and consumers</td>
</tr>
<tr>
<td>EU - COPA-COGECA</td>
<td>EU farmer and agri cooperatives association</td>
</tr>
<tr>
<td>ADEPTA</td>
<td>French agribusiness association gathering 220 companies (suppliers of the agriculture and food sectors)</td>
</tr>
<tr>
<td>Potatoes South Africa</td>
<td>RSA - industry association supporting the potato producers (ware, seed potatoes and processing) within regional context in South Africa</td>
</tr>
<tr>
<td>Onion Producers’ Organisation</td>
<td>RSA - industry association supporting the onion producers</td>
</tr>
<tr>
<td>Israeli Fruit Growers Association</td>
<td>Represents Israeli fruit farmers and exporters</td>
</tr>
<tr>
<td>Commercial Farmers Union (CFU)</td>
<td>Zimbabwe - Represents white commercial farmers in Zimbabwe, with a commitment to “commercial agriculture within Zimbabwe or elsewhere in Africa”</td>
</tr>
</tbody>
</table>
4.4 PREPARE CUSTOMIZED PRESENTATIONS AND PROMOTIONAL MATERIALS

4.5 MAKE FACE-TO-FACE PITCHES

4.6 FOLLOW UP TO GET SITE VISITS AND EVENTUALLY A DECISION TO INVEST

<table>
<thead>
<tr>
<th>ORGANIZATION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NL EVD Internationaal / Agentschap NL</td>
<td>Manages a number of private sector development programs adapted to agribusiness: MMF, PSI, ORIO, Daey Ouwen Fund.</td>
</tr>
<tr>
<td>PUM, Manager Deployment Programme</td>
<td>Dutch not-for-profit network of experienced entrepreneurs providing pro-bono consultancy in a variety of fields to local entrepreneurs in developing countries. Strong in horticulture. The senior experts often end up developing JVs with their local partners.</td>
</tr>
<tr>
<td>Private Sector Investment programme (PSI)</td>
<td>Private Sector Investment program (PSI) is successor of PSOM (Program Cooperation Emerging Markets), a Dutch grant program for agricultural businesses that want to invest in developing countries. PSI have good knowledge of Dutch fruit and vegetable farmers looking for new expansion opportunities in emerging markets.</td>
</tr>
<tr>
<td>NUPECA Netherlands BV</td>
<td>Dutch agricultural consulting company Worked in Tanzania to set up a turnkey project for 16 Dutch vegetable farmers with PSOM support May be interested in similar opportunities in Mali</td>
</tr>
<tr>
<td>Match-Making Facility (MMF)</td>
<td>Dutch government program to promote B2B and JVs between Dutch and local investors in developing countries</td>
</tr>
<tr>
<td>Netherlands-African Business Council (NABC)</td>
<td>NABC (Netherlands African Business Council) is an active organization of Dutch entrepreneurs that do business in Africa and through their activities promote sustainable development of the African continent</td>
</tr>
<tr>
<td>Technoserve</td>
<td>US NGO supporting fruit and vegetable sector development in several countries in Africa; may be aware of other companies exploring opportunities in the sector</td>
</tr>
</tbody>
</table>

Campaign travel should be anchored around the most promising investors, so the short list should be roughly prioritized with a top-tier of 20-30 companies being identified. These will be the first companies contacted, and if one or two of them accepts meetings, then the locations and times of those meetings will form the core of the campaign itinerary.

This level of prioritization requires an even deeper understanding of target companies, including their strategies, management, competitive assets, major capital expenditures, financial position, past performance, products, competitors, business alliances, and E&S risks. Good sources for such information are corporate annual reports, public filings, trade magazines and newspapers, and web sites.
In all cases, telephone contact should be made at some point, but a targeting team may decide it is better to precede it with an e-mail. This depends on cultural norms (as discussed in Figure 7), the quality of contact information, and the anticipated usefulness of any electronic materials which might be sent with an e-mail.

If it is decided that an e-mail should be sent, it should be customized to the company, so that it is not dismissed out of hand as junk mail. Few investors may respond, but the e-mails provide a basis for a follow-up call. An example is given in Appendix 29. The goal of both the e-mail and the call is to get a meeting at which one can present one’s case and establish a relationship.

### 4.3 In-depth research, to tailor messages and screen possible target companies for suitability to the goals of the project

Once appointments with corporate decision-makers have been secured, the specific interests and circumstances of each company should be investigated, enabling the project team to tailor its pitch and promotional materials to the needs of each company. Specifically of interest are the following pieces of information for the company and its competitors (which are also possible target companies):

- Products and services
- International business strategy, including target markets and investment locations
- Financial position
4.4 PREPARE CUSTOMIZED PRESENTATIONS AND PROMOTIONAL MATERIALS
4.5 MAKE FACE-TO-FACE PITCHES
4.6 FOLLOW UP TO GET SITE VISITS AND EVENTUALLY A DECISION TO INVEST

Decision-maker names, responsibilities, and contact information

Table 13 gives an example of some research results for Dole and its interest in investing in Latin America.

Investor due diligence

Before finalizing the short list of investor leads, each investor should be evaluated to assess whether it is reputable (e.g., no personal or corporate history of illegality, questionable business practices, or negative E&S impacts) and likely to create the benefits sought. A “due diligence” assessment should be undertaken at an appropriate stage of the development of an investment to ensure that the business is what it appears to be and that there are no flaws or problems with the investor or the planned project that would result in a bad investment.

TABLE 13. Illustrative example of initial research sources and results for Dole

<table>
<thead>
<tr>
<th>SOURCE</th>
<th>ACCESSED AT</th>
<th>INFORMATION FOUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPANY WEBSITE</td>
<td><a href="http://www.dole.com">www.dole.com</a></td>
<td>• Founded in Hawaii in 1851</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 2007 revenues of $6.9 billion</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Does business in more than 90 countries</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 36,000 full-time employees and 23,000 seasonal or temporary employees</td>
</tr>
<tr>
<td>FREE INTERNET DATABASES</td>
<td><a href="http://www.wikipedia.org">www.wikipedia.org</a></td>
<td>• Headquarters in Westlake Village, California</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.linkedin.com">www.linkedin.com</a></td>
<td>• Over 300 products produced globally</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• David H. Murdock is Chairman of the Board of Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Operates plantations throughout Central and South America, the Philippines and a</td>
</tr>
<tr>
<td></td>
<td></td>
<td>packing plant in Thailand.</td>
</tr>
<tr>
<td>PAID INTERNET DATABASES</td>
<td><a href="http://www.fdimarkets.com">www.fdimarkets.com</a></td>
<td>• October 2010 - Dole Food invested in the city of Hamburg (Hamburg), Germany in</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.hoovers.com">www.hoovers.com</a></td>
<td>a Headquarters project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• November 2006 - Dole Food invested 8.00 Mn $ in the city of La Guairia, Colom</td>
</tr>
<tr>
<td>CHAMBERS OF COMMERCE &amp;</td>
<td><a href="http://www.uschamber.com">www.uschamber.com</a></td>
<td>bia in a Manufacturing project, creating 1000 jobs</td>
</tr>
<tr>
<td>INDUSTRY, TRADE ASSOCIATIONS</td>
<td><a href="http://www.pma.com">www.pma.com</a></td>
<td>• Dole is seeking to replicate a Japanese banana diet craze in the U.S. market</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Dole was one of 48 food and beverage companies being looked at by the Federal</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trade Commission in 2010 for its marketing to children</td>
</tr>
<tr>
<td>NEWS &amp; MEDIA</td>
<td>news.google.com</td>
<td>• Dole Food Co., the world’s biggest producer of fresh fruit and vegetables, won</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.businessweek.com">www.businessweek.com</a></td>
<td>dismissal of $2.3 million in damages a California jury awarded to Nicaraguan</td>
</tr>
</tbody>
</table>
Ultimately, it is the responsibility of governments and their agencies to exercise care in approving or offering incentives to any investment transaction, however Bank Group project leaders have a responsibility to advise clients on this important issue and offer technical solutions. Bank Group project teams should urge clients to establish or strengthen systems for due diligence, offering technical advice on how to do so in conformity with international best practice. An effective system for due diligence is in the long-term interest of all parties.

Table 14 is an example of one due diligence assessment tool used by Sierra Leone to evaluate possible investors in its sugar and palm oil sectors.
4.4 PREPARE CUSTOMIZED PRESENTATIONS AND PROMOTIONAL MATERIALS
4.5 MAKE FACE-TO-FACE PITCHES
4.6 FOLLOW UP TO GET SITE VISITS AND EVENTUALLY A DECISION TO INVEST

### TABLE 14. Due diligence tool used by Sierra Leone to evaluate possible investors in sugar and palm oil

<table>
<thead>
<tr>
<th>INVESTORS ASSESSMENT</th>
<th>SCORE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic Alignment with SLIEPA and GoSL</strong></td>
<td></td>
</tr>
<tr>
<td>• No job creation, plan to train locals, transfer knowledge, or CSR, and very small economic impact</td>
<td>1</td>
</tr>
<tr>
<td>• Limited economic impact. Very few jobs created, no training or knowledge transfer plan, limited CSR</td>
<td>2</td>
</tr>
<tr>
<td>• Job creation and long term approach but no clear plan to develop local resources</td>
<td>3</td>
</tr>
<tr>
<td>• Job creation, long term approach, knowledge transfer, training, CSR</td>
<td>4</td>
</tr>
</tbody>
</table>

| **Reputation** |       |
| • Negative press, multiple lawsuits, previous financial crimes by management or shareholders | 1     |
| • History of bankruptcy | 2     |
| • No litigation or past financial mismanagement but some cases of bad press and/or past bad faith activities | 3     |
| • Verifiable track records | 4     |
| • Well-established company |       |
| • Good track records |       |
| • No skeleton in the closet |       |

| **Transparency** |       |
| • No information available at all | 1     |
| • No website | 2     |
| • Little collaboration with SLIEPA | 3     |
| • Reluctant to provide detailed information on financial strength, management, business plan, etc. | 4     |
| • Provide information in timely manner as requested |       |
| • Fully collaboration with SLIEPA |       |
| • Proactively provide all information on management, financial strength, business structure and plans |       |
| • Thoroughly developed website |       |
| • Press releases |       |

| **Readiness** |       |
| • No specific project proposals | 1     |
| • No preparation | 2     |
| • Willing to invest in any sector | 3     |
| • Ask SLIEPA or GoSL to assist with financing | 4     |
| • Has vague idea of investment plans |       |
| • Only gathered very general/high level information |       |
| • Financing not yet secured |       |
| • No time spent on the ground but identified project proposal |       |
| • Specific information gathered |       |
| • Identified major issues and challenges |       |
| • Ask targeted, informed questions |       |
| • In the process of securing financing |       |
| • Came prepared with specific project proposal |       |
| • Gathered relevant information |       |
| • Met relevant stakeholders |       |
| • Spent some time on the ground |       |
| • Financing already secured |       |

| **Sophistication** |       |
| • Back channel approach Rushing to sign M.O.U | 1     |
| • No clear interlocutor, multiple or unaffiliated middlemen | 2     |
| • Poorly qualified management | 3     |
| • No skills and/or experience in project identified | 4     |
| • Investors trying to activate some back channels |       |
| • Either rushing or not demonstrating enough interest i.e. not being responsive Multiple middlemen. Qualification and experience unclear |       |
| • Following SLIEPA’s procedures |       |
| • Interlocutor clearly identified |       |
| • Following SLIEPAs procedures |       |
| • Highly qualified management |       |
| • Have the skills and experience to the project they’re considering |       |
| • Interlocutor clearly identified |       |

| **Comments** | 0     |

NOTE: SLIEPA stands for Sierra Leone Investment and Export Promotion Agency, and GoSL stands for Government of Sierra Leone.
STEP 4.
EXECUTING A TARGETING CAMPAIGN
AND FOLLOWING UP

4.4 Prepare customized presentations and promotional materials

Figure 9 introduced potential investors to the main selling points of doing business in Madagascar’s fruit and vegetable sector. It is an introductory slide to a full PowerPoint presentation with a fuller, quantified, exploration of each point. Figure 10 is a one-page brochure, summarizing the reasons to invest in Tanzania’s livestock sector. It makes its case through statistics, which investors can use to compare Tanzania to its competitors.

4.5 Make face-to-face pitches

The first face-to-face pitch to an investor is arguably the most critical single hour of an investor targeting campaign. Ninety-nine percent of the effort goes into preparing for the meeting—figuring out the most competitive subsectors, identifying investors that are currently in a position to invest in the location, convincing investors to take a meeting, preparing a presentation that makes a sound case for investment based on the investor’s unique interests, and following up with the investors after the meeting. Along the way there is room to adjust the campaign’s priorities, activities, targets, team, and resources. However, the face-to-face meeting is typically a “do or die” moment, which hinges on sales skills that are not in the typical profile of government officials. If investors leave the meeting uninspired, they are unlikely to accept another meeting. The following are 10 tips for making the most of the opportunity:
1. **Go with a small team**, as few as two people: (1) a persuasive presenter that knows the location, subsectors, and individual investors as well as anybody, and (2) a note-taker that is capable of substituting for the presenter. With many stakeholders supporting the targeting initiative, there may be a temptation to bring their representatives along, forming a delegation of half of dozen or even more people. While many of these people will be able to answer questions that others will not, they will rarely have a salesperson’s perspective and the net marginal value each adds to the team will be low. Too many people in the delegation may even be counter-productive as it deters the investor from engaging in conversation. Time spent on introductions and the compulsion of many presenters to spend time talking about their own organizations and what they do distract from the delivery of a persuasive marketing message.

2. **Enter with a clear goal**, usually investor commitment to visit several possible investment sites in the country, and stay focused on achieving it. The meeting is not about going through a PowerPoint presentation, it is about getting the investor to agree to visit.

3. **Be self-aware as a speaker.** To make an effective pitch, individuals should be aware of their knowledge limitations and presentational weaknesses. When asked something they do not know, they should not try to evade the question but rather acknowledge its importance to the investor and make a point of finding the requested information and sending it to the investor within a promised number of days after the meeting. Examples of presentational weaknesses include talking too much and not listening enough, getting visibly nervous, forgetting to pursue a commitment from the investor for the next step, being unable to adapt one’s communication style (e.g. friendly, professional, deferential) to the apparent preference of the investor. Some of these weaknesses may need much time to be resolved, but in the short-term a presenter can adjust by playing to her strengths and adopting tools to mitigate weaknesses (e.g. cues from a partner that one is talking too much, using dinner meetings instead of boardroom presentations when that appeals to the investor).

4. **Get the investor’s attention and hold it.** Following the principles of an effective marketing message, a presenter should open a presentation with a strong statement of the location’s value proposition, to hook the audience. The presenter should then follow up with a demonstration of knowledge about the investor, as well as about trends among the investor’s market, customers, competitors, and goods and services.

5. **Remember that individuals—not companies—are being persuaded.** Although the materials prepared should be based on objective data, there is an emotional element to any decision, even a business decision. Two executives faced with the same information may come to different conclusions. The targeting team should seek to understand the individual’s role in the company, style of interaction (e.g. personal decision-making style, level of formality), and personal likes and dislikes. The targeting team should use the customer’s language, terminology, and perspective if at all possible when speaking. The pitch is not “Why my country is a good place to invest” but rather “What your company is looking for and how that logically leads you to my country.” If things go well, this is the first meeting in a long relationship, so the targeting team should try to establish a good rapport to facilitate relationship-building.
6. Plan to distinguish oneself from others and impress the investor. A targeting team should be a knowledge resource to investors on their markets and competitors, especially in the team’s own location. The team should prepare two or three impressive facts that the investors did not know and will not forget.

7. Be flexible. The pitch environment will often not be what is anticipated, and the team should prepare for a range of contingencies, for example less time for the meeting than agreed, subordinates or others showing up to the meeting in place of the investor, and equipment failure. It is important that the team’s presenters know pitch highlights by heart, and have multiple ways of presenting them—statistics, images, anecdotes, etc.

8. Anticipate concerns. All investors will have some concerns, and hearing them allows a targeting team to help the investor get past them. The team should prepare answers for the most predictable concerns. When responding to a concern, it should gently probe to understand their roots and relative importance. Some are deal-breakers, some are less important to deal with. Some may be founded in misperceptions and can be cleared up. Others will be more serious.

A targeting team will have the opportunity to explain what support is available to mitigate problems in the short-term and discuss the possibility of long-term reform.

9. Turn decisions into action. If an investor states the intent to visit the team’s location, the team should try to fix dates. If a meeting counterpart says that the decision to proceed will come from someone not in the meeting, the team should try to set up an appointment with that person.

10. Use the meeting to collect intelligence. However the meeting goes, sitting down with an investor and talking about the details of their corporate strategy and internal decision-making provides a targeting team with valuable intelligence and perspective that enhances all of their campaign activities. They should listen, take detailed notes, take plant tours, pick up printed materials, make multiple new contacts with people in different positions within the company, etc.

4.6 Follow up to get site visits and eventually a decision to invest

The immediate goal of a targeting meeting is to get a commitment from the investor to make a site visit (see examples of site profiles for Rwandan horticulture in Appendix 31). Having a draft itinerary tailored to the investor’s needs when meeting can be a very useful tool. Knowing what the next step would be makes it easier for investors to say “yes” to an invitation for a site visit. See Appendix 30 for a real site visit itinerary prepared for investors in Rwanda’s horticulture sector and a report of results.

In the majority of cases, face-to-face meetings will not end with investor commitments to site visits or some other next step. Many will end ambivalently, with thanks from the investor and a vague expression of intent to follow-up with deeper investigations or at a future point in the company’s strategy. Many of these will go nowhere even with conscientious follow-up, but some will and they might take months or years.

It is essential to targeting success that all contact with investors be logged into some sort of investor tracking system. This could be an Excel spreadsheet,
an off-the-shelf customer relationship management software, or a tailor-made software solution. What matters most is that it gets used, with every contact being noted in detail and as part of a system that reminds the targeting team to follow-up methodically at pre-determined intervals or decision points.

Meetings should be followed by thank-you notes, any additional information promised at the meeting, and proposals for site visits. The sending of information should be followed by contact to ensure delivery, an inquiry about the status of the investor’s investment decision, and an offer to fill any remaining information gaps. Until a lead is dead, follow-up should continue, although a team must be careful to avoid annoying the investor.

In the many cases where targeting strategy is linked to sector-specific investment climate reforms, constraints on the concrete projects discussed with investors should feed back into any PPD or reform mechanisms. This input can validate the focus of reform or change it to make it more effective. In either case, the concrete investment amounts and associated jobs are a powerful stimulus for stakeholders to buy into the reform efforts.

As investors begin to seriously consider investing, the anticipated project will begin to take shape, including location, square footage, production processes, worker numbers and skills, inputs, and by-products. At this point, both likely projects and likely investors should be screened in detail for any major E&S risks. The project team and local implementing partners are not the final arbiters of E&S suitability, but they are in a position to instigate investor activities in the location and should be sure that their own activities do not lead to impacts contrary to their own objectives. Companies that are existing partners of IFC Investment Services already have Environmental and Social Risk Ratings (ESRRs). In addition, they can be evaluated for E&S risk using the “Comparative Analysis of IFC’s Performance Standards against Voluntary Standards,” which offers the following features:

» An internal standardized evaluation framework for comparative analysis of the IFC’s Performance Standards against voluntary agro-commodity standards.
» An internal standardized evaluation framework for comparative analysis of the IFC’s Performance Standards against voluntary agro-commodity standards.
» Integration of IFC Performance Standards into the Standards Map database developed by the United Nations’ International Trade Center to allow for comparative analysis with over 70 voluntary standards against a framework of 700 data points (www.standardsmap.org).
» Helps IFC staff and clients understand key gaps between the Performance Standards and voluntary standards criteria.
» Helps IFC E&S staff use voluntary standards more effectively as a risk management tool by focusing their due diligence on the gaps identified.
» Helps inform IFC Advisory Services business development and offerings to clients around business opportunities related to voluntary standards systems.
In many developing countries, agribusiness is one of the most promising sectors to drive economic growth, private sector value chain development, and internationalization. However, the assets that make a location attractive to agribusiness investment are frequently not well understood by likely investors. Bank Group experience has shown that targeting campaigns can be an effective way to communicate opportunities to those investors and persuade them to choose one location over another.

Success hinges on being able to identify the most competitive subsectors, identify likely investors, build a persuasive case for investment around a location’s strengths and the investors’ needs, secure face-to-face meetings with likely investors, and persuade them.

Success in investor targeting is enhanced when conducted in parallel with investment climate reform and followed up with investment facilitation. Reform alleviates business constraints in the targeted subsector, and facilitation helps ensure that a decision to invest is converted into actual operations and jobs in a timely fashion.

Along the way to attracting investors and operationalizing their projects, there is a risk that the results will come with negative E&S impacts. Project leaders helping client governments generate investments to stimulate the development of their agribusiness sectors while ensuring E&S sustainability will benefit from following a responsible, comprehensive, and transparent methodology, such as the one in this guide.
The following is a list of the appendices to this document, in other words the tools of investor targeting. Because of their large size, they are not available in the printed version of the guide but may be found online at bit.ly/investortargeting.

GENERAL BACKGROUND READING

Appendix 1. Agriculture glossary
Description: Brief definitions of almost 200 important technical terms in agriculture. Source: Staffordshire (England) Learning Net (www.sln.org.uk)

Appendix 2. Brief on environmental and social risks in agro-commodity supply chains
Description: Assessing and Managing Environmental and Social Risks in an Agro-Commodity Supply Chain. Description and Case Studies.

Appendix 3. Brief on the Investment Climate Department’s activities related to agricultural land
Description: Brief on the Investment Climate Department’s activities related to agricultural land. Past and present interventions. Specific examples

Appendix 4. Performance standards on environmental and social sustainability
Description: Detailed description of 8 performance standards on environmental and social sustainability.

Appendix 5. Example of a cooperation agreement between the Bank Group and a client government
Description: Example of a cooperation agreement between IFC and the Government of Rwanda

Appendix 6. Stakeholder engagement handbook
Description: Stakeholder engagement handbook. Key concepts, principles and integration process

Appendix 7. Basic qualifications for members of an investor targeting team
Description: Basic qualifications for members of an investor targeting team

STEP 1. SCOPING

Appendix 8. Information to be provided by the client during the scoping phase
Description: List of information to be requested from the client’s lead agency during the scoping phase. Includes information on existing investors and background research on leading sectors.

Appendix 9. Information to be collected during the scoping phase (template)
Description: Template to guide completion of desk research during the scoping phase, with an emphasis on economic data in the agribusiness sector and key stakeholders

Appendix 10. Information to be collected during the scoping phase (example of Zambia)
Description: Example of Appendix 9 filled out with data on Zambia

Appendix 11. TOR: Researcher of existing sector studies (example of Madagascar)
Description: TOR: Review of published reports on key sectors with investment potential (Madagascar)
Appendix 12. TOR: International expert on sector-specific investment promotion (example of Liberia)
Description: TOR: International expert on sector-specific investment promotion. Scope of work, deliverables expected, consulting firm profile (Example of Liberia)

Appendix 13. TOR: Local expert on the agribusiness sector (example of Madagascar)
Description: TOR: Local expert on the agribusiness sector. Objectives, Scope of work, Deliverables, etc. (example of Madagascar)

Appendix 14. TOR: International expert on the sugar sector (example of Sierra Leone)
Description: TOR: Investor Targeting Strategies. International expert on the sugar sector (example of Sierra Leone)

Appendix 15. TOR: Reform adviser (example of Liberia)
Description: Technical Advisor on Reform and Change Management (example of Liberia)

Appendix 16. TOR: Taskforce to accelerate investment (example of horticulture and tea in Rwanda)
Description: Taskforce to accelerate investment in the horticulture and tea sectors in Rwanda. Objectives and Composition of the Taskforce

Appendix 17. Interview questions on IPI capacity (questionnaire)
Description: Interview questions on Investment Promotion Intermediary (IPI) capacity (questionnaire)

Appendix 18. Institutional landscape assessment for promotion of agribusiness FDI (template)
Description: Institutional landscape assessment for Investment Promotion Capacity of agribusiness FDI (template)

STEP 2. SECTOR SCAN

Appendix 19. Interview questions for existing companies (questionnaire)
Description: Questionnaire/Interview for existing companies

Appendix 20. Interview questions for government officials (questionnaire)
Description: Questionnaire/Interview for Government Officials

Appendix 21. Interview questions for local stakeholders (questionnaire)
Description: Questionnaire/Interview for Local Stakeholders

Appendix 22. Interview questions for foreign, potential investors (questionnaire)
Description: Questionnaire/Interview for foreign, potential investors

Appendix 23. Interview questions for industry associations (questionnaire)
Description: Questionnaire/Interview for Industry associations

Appendix 24. Subsector evaluation (template)
Description: Template for subsector evaluation
STEP 3. CAMPAIGN PREPARATION

Appendix 25. Value propositions for investors
(example of three subsectors in Tanzania)
Description: Value propositions for investors. Opportunities in Tanzania (example of three subsectors)

Appendix 26. 1-page sector brief for investors
(example of Tanzania)
Description: Sector brief. Opportunities for investors (rice in Tanzania)

Appendix 27. Investor targeting baseline and target table (template)
Description: Investor targeting baseline and target table (template)

STEP 4. CAMPAIGN EXECUTION AND FOLLOW-UP

Appendix 28. Concept note for an investor targeting campaign (example of Rwanda)
Description: Concept note for an investor targeting campaign. Example of Rwanda

Appendix 29. E-mail template for approaching investors
Description: A tool for initiating contact with investors and key stakeholders, with built-in options for tailoring the message

Appendix 30. Site visit itinerary and report of results
(example from Rwanda)
Description: Investor site visit and facilitation report. Example from Rwanda

INVESTMENT FACILITATION

Appendix 31. Site profiles (example of horticulture in Rwanda)
Description: Site profiles. Detailed description of five locations. Example of horticulture in Rwanda

Appendix 32. MoU between an agribusiness company and landowners (template from Sierra Leone)
Description: MoU between an agribusiness company and landowners (template from Sierra Leone)

INVESTMENT CLIMATE REFORMS

Appendix 33. Letter inviting stakeholders to mobilize for reform (example of Tanzania)
Description: Letter inviting stakeholders to mobilize for reform (example of Tanzania)

Appendix 34. Key recommendations for a model land concession framework (example of Liberia)
Description: IFC Model Concession Framework Project. Key recommendations for a model land concession framework in Liberia